

INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

28,919

PARIS, MONDAY, JANUARY 19, 1976

Established 1887

5 More Arrested in Spain

Lawyers Are Among Detainees

By Henry Gieger
MADRID, Jan. 18 (NYT)—The Spanish government gave further air with the arrest today of a fifth person in connection with the assassination of Dr. Josep Puig i Cadafalch, a prominent lawyer and politician, in a suburban villa near Barcelona this morning and arrested five other persons, including lawyers, in connection with the assassination.

The arrests were described as "unjustified" by the police, which had found "subversive elements" in the house. Friends of the deceased described the arrested persons as a housewarming party.

Among the arrested were about 150 lawyers who were in the house at the time of the assassination. The police charged them and arrested them.

The arrested lawyers' associations have been in a state of emergency since 1970, when the government declared a state of emergency in the Basque region.

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IN THE AFTERMATH OF SHELLING—Moslem combatants enter the Lebanese town of Jieh following fierce fighting.

Rival Angola Units in Fierce Clash

UNITA, MPLA Claim Gains on Southern Front

LUSAKA, Zambia, Jan. 18 (UPI)—Two black liberation movements are engaged in fierce fighting on Angola's southern front and claim to have made inroads on each other's positions, pro-Western military sources said yesterday.

The sources said the Marxist-Leninist Popular Movement for the Liberation of Angola (MPLA) had launched a powerful assault on an important railroad town, Luso, in eastern Angola. Luso is on the Benguela line, a vital copper-export route for neighboring Zambia and Zimbabwe.

The sources said the National Union for the Total Independence of Angola (UNITA), supported by South African troops, had beaten off the attack.

UNITA officials said most of the fighting for Luso, about 300 miles south of Luanda, was being done by the Cuban troops aiding the MPLA.

The Zaire news agency in Kinshasa broadcast a UNITA communiqué Friday claiming the pro-Western force captured Quibala, about 50 miles north of Luso, inflicting heavy losses on the MPLA.

Fighting in the Quibala area has raged for two weeks but, until now, neither side has claimed a victory. Quibala is a strategic town on the road leading north to the Cameroonian border.

The battle situation in northern Angola was unclear, UNITA officials said. MPLA forces claimed to have forced UNITA's ally, the National Front for the Liberation of Angola (FNLA), to retreat almost to the border with Zaire.

The officials said it appeared the FNLA was still pulling back, but had not effectively regrouped.

In the last two weeks, the MPLA claims to have captured all the FNLA's northern bases and to have stopped the reinforcement of the FNLA by men and equipment from Zaire.

The Zaire government warned the MPLA on Friday that it would declare war on the movement if the MPLA crossed the border again. Last week, the MPLA blew up a frontier and railroad bridge at Dilolo in Zaire's Shaba Province, the Zaire government said.

'Doors to Peace Shut'

Premier Karami Quits As Beirut Truce Fails

From Wire Dispatches
BEIRUT, Jan. 18.—Rashid Karami resigned tonight as Premier after the collapse of yet another cease-fire in Lebanon's civil war.

Mr. Karami said over the radio that he had decided to resign because every attempt he had made to end the fighting had ended in failure.

Only 23 hours earlier, he had announced the cease-fire—the 23d in 9 months—which collapsed almost immediately.

Fires burned in Beirut's port district, where heavy explosions could be heard. Police informants said that in fighting throughout the country, at least 58 persons had been killed in the last 24 hours.

Lebanese guerrilla leader Yassir Arafat told Arab ambassadors trying to arrange a truce that he could "no longer be responsible" for what the Palestinians and their Lebanese allies would do following an assault by their Christian rightist enemies on Karantina, the capital's slaughterhouse district east of the main port.

Shortly afterward, the ambassadors announced that they were calling off their peace mission.

Longspeaker trucks began touring Moslem neighborhoods, calling for a *shahada* (holocaust) against Christians in retaliation for the storming of Karantina.



Rashid Karami

His six-year term expires in September but only last week the government formally approved extending the four-year parliamentary term beyond its normal April 30 expiration date.

The extension was decided because of the obvious impossibility of holding parliamentary elections.

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Sale of Hawkeyes, F-15s Held Vital by Israelis

By Drew Middleton
NEW YORK, Jan. 18 (NYT)—The acquisition by Israel of four advanced radar surveillance aircraft from the United States—if approved by Congress—will augment Israeli air superiority over any combination of Arab air forces, according to U.S. and Israeli officials.

The Defense Department announced recently its intention to sell Israel four Grumman E-3C Hawkeye planes. These early-warning and command aircraft have been in service with the Navy since 1974. If Congress approves the deal, it will be the first sale abroad of these highly sophisticated aircraft.

The planes are expected to be used over the Sinai Desert to monitor the interim peace agreement with Egypt. In war they would direct the main air superiority force of 25 F-15 Eagles that Israel is buying from the United States.

\$182 Million
According to aerospace industry sources, the price for the four Hawkeyes will be approximately \$182 million.

Israel expects to receive its first F-15s in 1977 and the first of the E-3Cs the following year. While the two aircraft would represent an advanced air combat team, Israeli Air Force officers apparently see the Hawkeyes as a sentinel that would warn of Arab troop and armor concentrations before an attack could start.

The Hawkeyes, according to Israeli sources, are also able to detect missile launches and is of particular usefulness in early-warning systems against ground-to-ground missiles. It could probably also guide Israeli missiles and come over and into enemy territory.

Hawkeyes are already in service on aircraft carriers of the Sixth Fleet in the Mediterranean where naval officers say they have added a new dimension to the monitoring of Soviet ships at sea and aircraft ashore. According to an officer, the radar installations on a Hawkeye can detect and track "several hundred targets."

Plane's Radar
At 30,000 feet, the aircraft's radar can reach out more than 200 miles to detect an airborne target as small as a few square yards. Its twin turbofans allow exceptionally short runway operations and long missions.

Grumman, the makers, contend that the E-3C can fly from unimproved runways and can function as an airborne command and control station.

According to a Navy source, the strategic influence of the advent of Hawkeyes in the Middle East cannot be exaggerated.

The Israeli Defense Ministry, Pentagon officials say, is pushing for earlier F-15 deliveries. The Pentagon, they said, has offered Israel approximately 10 of the air-superiority fighters that have been used in the Air Force's test program and then reconditioned for operational use.

Israelis say that the F-15s are needed to balance the advanced Soviet fighters in Arab air forces. They estimate that there are 120 to 140 MIG-23s, the most advanced general-purpose fighter in the Soviet Air Force, with the Syrian, Egyptian, Iraqi and Libyan Air Forces. A number

of MIG-35 high-altitude interceptors also are stationed in the Arab world. Some of these fly over Israel regularly.

The Pentagon also has agreed to consider Defense Minister Shimon Peres's request that Israel be authorized to assemble F-16 fighter-bombers. These are smaller, and cheaper aircraft than the F-15s.

Arabs Differ On Resolution At UN Debate
By Bernard Gwertzman
UNITED NATIONS, N.Y., Jan. 18 (NYT)—Well placed diplomats say that sharp differences between Egypt and Syria have prevented the Arab bloc from agreeing so far on a resolution for submission to the Security Council for action during the current Middle East debate.

The rift, reflecting the long dispute between Cairo and Damascus, has caught the Palestine Liberation Organization and most Arab countries in the middle and has proved something of an embarrassment to them.

The Arab bloc had hoped that by Friday—the end of the first week of debate—a resolution would be ready for presentation.

According to Arab diplomats and representatives of the PLO, Western countries and the UN Secretariat, the behind-the-scenes debate has focused on whether to submit a resolution, favored by the Syrians, that would be so extreme as to invite not only the United States but also other council members to vote against it. A U.S. vote would be, of course, a veto.

The Egyptians, with reported support from the Jordanians, have argued that it would be counterproductive to the Palestinian and Arab cause to introduce an extreme resolution. The Egyptians have proposed instead that two resolutions be introduced.

One would be a mildly worded paragraph calling for recognition of the Palestinian national or political rights. The other would be devoted to Middle East diplomacy and would include the standard Arab call for Israel to withdraw completely from all Arab land occupied in the June, 1967, war.

Speedy Renewal
The Egyptians would like that resolution to include a reaffirmation of Council Resolution 242 and 338, which have provided the basis for negotiations. Egypt has also included in its proposals a call for speedy renewal of the Geneva Peace Conference with PLO participation.

In the Egyptian view, the United States would probably veto both resolutions, but they might be acceptable to all or most of the 14 other council members—thereby enhancing the Arab and Palestinian cause.

The PLO has been somewhat ambiguous, according to the diplomats. Emotionally the group prefers the Syrian language included in one toughly worded resolution. But realistically, the Palestinian leadership wants to obtain as wide a grouping as possible in behalf of its cause.

Portuguese Parties Oppose Military Bid to Rule Until '80

By Marvin Howe
LISBON, Jan. 18 (NYT)—A military proposal for continued rule by the armed forces until 1980 was opposed yesterday by Portugal's three main non-Communist political parties.

The ruling military Council of Revolution will begin negotiations with the five principal parties next week on its proposal, which is reported to concentrate political power in the council. The proposal would give the military even more than it has under the present pact, he said, pointing out that the proposal would require the council's approval for the appointment of the premier.

An organ not democratically constituted—the Council of the Revolution—would substitute for the president of the republic, elected by universal suffrage, he said.

And Mario Soares, leader of the

U.S. Unit Asks Curbs on Some Steel Imports

By James L. Rowe Jr.

WASHINGTON, Jan. 18 (UPI)—The International Trade Commission recommended to President Ford yesterday that he should impose quotas on imports of specialty steels, such as stainless steel, because the U.S. industry is being hurt substantially by foreign competition.

On a 4-to-1 vote, the commission urged that a quota of 145,000 tons of specialty steels be set for this year and adjusted according to market conditions each year through 1980. The quota should be lifted after that, the commission said.

being subsidized by their governments before the United States could take action.

The trade law requires the government to take action in cases where it can be shown that imports are a substantial cause of serious harm to a domestic industry, even where competition is fair. In several earlier decisions on small matters, the commission found that imports were not causing serious harm to U.S. industries.

The President must decide whether to take the action recommended by the panel, which used to be known as the Tariff Commission. If he rejects the commission's advice, according to its chairman, William Leonard, "Congress has the opportunity to override his decision."

The commission's move is sure to be viewed as protectionist by many of this country's major trading partners, although Mr. Leonard said most countries have similar "escape clauses" in their laws, permitting them to take

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U.S. Shift Reportedly Thwarts Ban on Mobile Land Missiles

By Leslie H. Gelb

WASHINGTON, Jan. 18 (NYT)—The United States last spring turned down one of its own proposals for limiting strategic arms after the Soviet Union had dropped opposition to it, according to high administration officials.

The proposal was to ban mobile intercontinental missiles, which are still in the development stage and would be launched from aircraft or railroad cars, trucks and barges.

Before the Soviet acceptance, the officials said, the consensus in the U.S. government was that mobile missiles would be more to Moscow's advantage, because the Soviet Union has a large territory suitable for concealing them. After the Russians agreed, the United States decided that it was more important to keep Washington's options open.

U.S. analysts explained that Moscow decided it had more to fear from the development of a new U.S. intercontinental missile launched from the C-5A cargo aircraft than it had to gain from going forward with its own land-based mobile missile program.

Dead Issue Now
The officials said that the ban is a dead issue now, with both sides accelerating programs to develop mobile missiles. The administration will spend \$40 million this fiscal year and is expected to ask for about \$70 million for the next fiscal year.

The deployment of land-based mobile missiles may make future arms-control agreements more difficult, the officials said. Be-

cause they could move around and be camouflaged, it would be difficult to know how many there were and whether ceilings on the quantity were being violated.

After the Soviet leaders last year withdrew their four-year-old rejection of the idea, the U.S. officials said, Secretary of State Henry Kissinger found that he was alone among U.S. leaders in still supporting the plan and he decided not to fight for it. He reportedly felt he had other, more important battles.

The debate over mobile missiles began in 1970. One group, centered mainly in the Arms Control and Disarmament Agency, then led by Gerard Smith, argued that, whenever there was a chance to eliminate new weapons technology, it should be grasped. They also stressed the verification problem. But most administration studies and meetings did not approach the problem this way.

Discussion on what to do about mobile missiles came up in the context of what to do about the presumed future vulnerability of the U.S. Minuteman missiles, which are launched from silos that are readily identifiable. The fear was that, as Soviet missile accuracy improved and the payoff on missiles increased, Moscow would be able to destroy almost every Minuteman.

This would leave the United States with 41 strategic submarines and 450 long-range

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CAPTURED—A member of the FNLA is questioned by MPLA soldiers in Ambizete, 170 miles north of Luanda.

Italy, Portugal Major Topics

European Socialists Confer
On Dealing With Communists

By Bernard Weinraub

ELSNOR, Denmark, Jan. 18 (N.T.—European) — A Communist influence in Italy and Portugal emerged today as the central issue of a major meeting of Socialist leaders.

The opening of the two-day conference, called by Denmark's Social Democratic party, was dominated by private discussions among key European leaders about Communist strength and how Socialists should deal with elected Communist parties.

"We will simply accept nothing but democracy," Danish Premier Anker Jorgensen said at the crowded meeting, held at a trade union's training college outside Elsinor, 40 miles from Copenhagen. "All parties present here have taken part in, and are still taking part in, a serious fight for democracy in the Communist countries—and, consequently, in Europe," the Premier said.

A report on the outcome of the

closed meetings will be given by Mr. Jorgensen to Secretary of State Henry Kissinger when the U.S. official stops off in Copenhagen for four hours Tuesday on his way to the Soviet Union. Mr. Kissinger recently indicated Washington's concern over gains by West European Communists.

Among delegates, the heavily guarded conference is being attended by Britain's Prime Minister Harold Wilson and Foreign Secretary James Callaghan, former West German Chancellor Willy Brandt, Danish Premier Olof Palme, Austrian Chancellor Bruno Kreisky, Dutch Premier Joop den Uyl, new Norwegian Premier Odvar Nordli and the Spanish and Portuguese Socialist party leaders, Felipe Gonzalez and Mario Soares.

Economic problems—unemployment, inflation, lagging industrial production—are a major item at the conference for the nine nations of the European Economic Community. Helmut Schmidt, the West German Chancellor, is to arrive tomorrow to speak on links between the Common Market countries and nations outside the EEC.

But the dominant theme, links between Socialists and Communists in Europe, will surface tomorrow when Francois Mitterrand, the French Socialist party leader, speaks about relations between Socialist parties in southern Europe and the Communists. That issue has been sharpened by developments in Italy, where there are prospects of the Communists emerging as the nation's strongest party in any early general election.

There were some indications that Socialist delegates from southern Europe favored increased links with the Communists, while opposition came from several NATO nations' delegates here. Several drew the line between cooperating with elected Communist parties and Communists seeking to undermine democratic governments.

Change in Spain
Mr. Gonzalez, the Spanish Socialist leader, said in a brief interview: "It is important for European Socialists to know that there has been a political change in Spain, not an institutional change. We are discussing this here. The minimum condition for the credibility of the government, vis-a-vis Europe, is the freedom of political prisoners, the return of exiles—not as a pardon but as justice—liberty of expression. This must be accomplished."

At a news conference tonight Mr. Gonzalez said that the yearning for some form of democracy in Spain was now "the claim of everyone" in the nation. He repeated that Europe should, before establishing further links, demand that freedom of speech be established in Spain.

Mr. Soares said at the news conference that the economic plight of Portugal was crucially tied to the survival of democracy there and that his fears were not limited to the Communists. "If there is economic and social instability, there is a chance of a right-wing dictatorship too," he said. "The economic situation is indeed serious."

Danish Premier Jorgensen said that the delegates had agreed on the urgent need to give "political, moral and economic support" to Portugal and Spain. However, he gave no details of how this will be done.

3 Parties Hit
Power Bid by
Lisbon Junta

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country's largest party, the Socialists, declared: "The new proposal is anti-democratic and conservative, military guardianship over our political life."

Mr. Soares said the Socialists would not accept the military proposal as such. He left yesterday for a meeting of Socialist international leaders in Copenhagen and from there he will go to the United States for talks with Secretary of State Henry Kissinger.

Francisco Sa Carneiro, secretary-general of the Popular Democrats, insisted on a return to civilian rule in a rally at the town of Bombaral, north of here. He stressed that negotiations on the pact should not be delayed.

Conditions Unmet
The leader of the main conservative party, the Social Democratic Center, Dr. Diogo Freitas do Amaral, warned last week that his party would not sign the pact if it attributed to the military a role beyond that of arbiter and safeguard of democratic rights. The military text does not satisfy Dr. Freitas do Amaral's conditions, party sources said.

The proposal under debate was drafted by a commission of five members of the Council of the Revolution led by the foreign minister, Maj. Ernesto Melo Antunes, who has made it clear that he believes the military should retain a central role in politics "to guarantee the revolution" they began with the bloodless coup of April 25, 1974.

Crowds Invade Market
LISBON, Jan. 18 (UPI)—Thousands of Portuguese laden with shopping bags flocked to Lisbon's Union Square today in response to promises by leftist groups of a produce market with cut-rate food. But there was not enough to go around.

Hours before the market was scheduled to open, the bargain hunters gathered, their numbers eventually swelling to more than 5,000 by opening time in hopes of snatching up goods that were promised at only one half of the normal price.

A march by leftists on Friday night and a Communist rally yesterday protested rises in the cost of living and the wage freeze imposed by the government.

Millions of Elm Trees Dying
In Major Ecological Disaster

By Gregory Jensen

LONDON, Jan. 18 (UPI)—Experts on two continents are totting up the effects of a disastrous year in which elm trees died by the millions.

A survey of the ravages of Dutch elm disease revealed an ecological disaster, marching across North America and Europe. The cost is enormous. Parks and avenues have been denuded of stately trees and there may soon be no elms on Elm Streets anywhere.

"This is a terrible tree tragedy," said Baroness Birk of England, hardest hit country of all. Southern England has lost 6.5 million elms, 18 million killed in the hot, dry summer last year alone.

In the United States an expert said 40 per cent of all elms from the Great Plains to the Atlantic have been wiped out already. The disease now reaches as far west as Idaho, Colorado and Texas.

An Italian official said "90 out of 100 elms are affected" in parts of Italy. Of 20,000 elms in Paris 15,000 are dead already.

began. This new virulent form is doing the damage now.

The disease has two agents of death. A quarter-inch-long beetle—Latin name Scolytus Scolytus—burrows under an elm's bark, implanting a poisonous fungus as it goes. To fight the fungus, the elm produces an antibody.

This is fatal. The gummy antibody clogs a tree's sap passages, starving it of water and nutrients, and the elm dies by self-strangulation. A tree which took a century to grow can choke itself to death in days.

A U.S. official said 400,000 elms had died annually over the past few years, at a yearly cost of \$100 million. He put the disease's cost so far in the United States alone at \$1 billion.

Paris's Place des Vosges will be stripped bare, like the promenade of the Palais Royal. London's green parks show wide gaps, with perhaps 1,500 elms left of the 10,000 which grew two years ago.

"We must face up to the fact," said Baroness Birk last fall, "that there may be no mature elms in any of the London royal parks after next year."

Miracle Unlikely
"Elms are condemned to death," said Paris parks chief Maurice Le Moan, "unless there is a miracle."

A miracle seems unlikely. Scientists everywhere have tried everything to find a cure or a preventative. Nothing works.

Italian, French and Dutch officials, like some experts in Britain, Canada and elsewhere, are trying to find disease-resistant elm varieties.



BRIDGE DESTROYED IN ANGOLA—UNITA soldiers inspect damage done to railroad span over the Lumege River by MPLA forces. The rail line, which had linked Angolan ports with Zaire, was a major source of revenue for UNITA.

Clerides Says
He Will Keep
Cyprus Role

NICOSIA, Jan. 18 (UPI)—Giakos Clerides yesterday reversed his decision to resign as the Greek-Cypriot negotiator in the Cyprus peace talks.

The 56-year-old lawyer said in a statement that "serious reasons" had prompted him to resign but, following pleas from Greek Premier Constantine Karamanlis, United Nations Secretary-General Kurt Waldheim and others, he now felt "obliged" to retain his post.

He said he could not publicly disclose his reasons for resigning but had set them down in personal letters to President Makarios and Mr. Karamanlis. He denied that he had been in disagreement with Archbishop Makarios and other Greek-Cypriot leaders on the policy to be followed at the next round of UN-sponsored peace talks with the Turkish Cypriots, scheduled for Feb. 17.

Negotiator Since 1968
Mr. Clerides, who has been the Greek-Cypriot negotiator since 1968, announced his resignation Tuesday following a Cabinet and National Council meeting on the tactics of the talks.

"I cannot ignore the views of the House of Representatives and of Greek Premier Karamanlis, who asked me to continue as negotiator, as well as the personal intervention of the UN secretary-general and other declarations of support," Mr. Clerides said in his statement.

"I therefore feel obliged to continue with the job of mediator in the expectation that the reasons set out in my letters will be dealt with in the right way," he said.

He said Archbishop Makarios, the Cabinet and the National Council had all refused to accept his resignation.

Mr. Clerides twice before resigned as mediator following attacks by Archbishop Makarios's supporters. He changed his mind both times after the President made public statements backing him.

Two anti-Makarios Greek-Cypriot newspapers said yesterday that Mr. Clerides's latest resignation was because of "water-gate-type" actions against him.

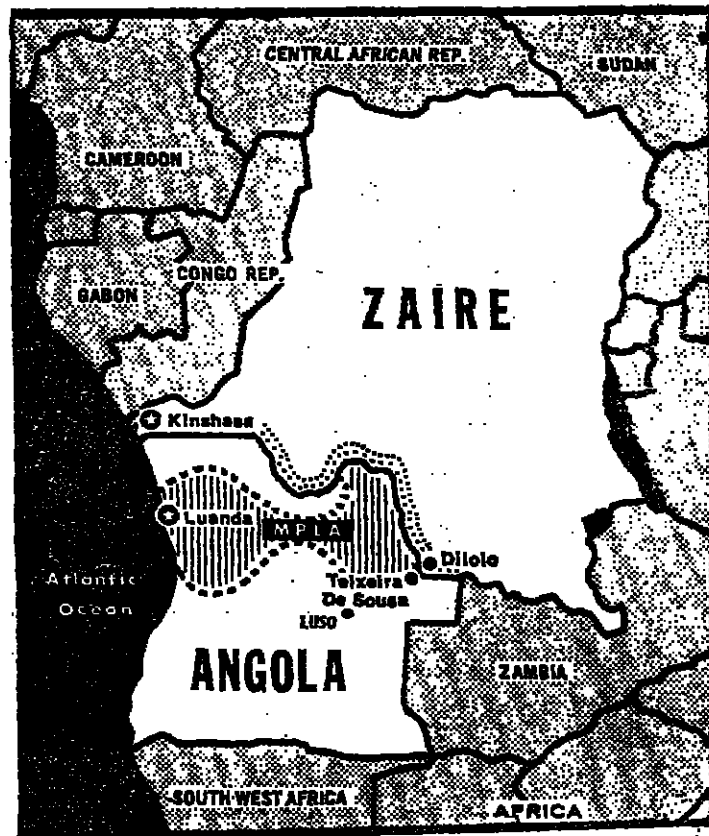
They said Mr. Clerides had complained his telephone conversations were being tapped by a police officer and that police were watching visitors to his office.

Dutch, Moluccans
To Weigh Panel

THE HAGUE, Jan. 18 (Reuters)—The Dutch government and leaders of the country's South Moluccan community yesterday agreed to discuss setting up a committee to study the exiles' problems.

Last month, two groups of South Moluccan extremists seized dozens of hostages to back their political demands. The Dutch government agreed to yesterday's meeting as part of the deal for releasing the hostages.

The radical South Moluccan nationalists are seeking independence for the island group, formerly a Dutch colony and a part of Indonesia since 1949. A Dutch statement said the government recognized the seriousness of the South Moluccans' ideals but did not support them.



Shaded area inside Angola is controlled by the MPLA.

UNITA, MPLA Claim Gains
On Angola Southern Front

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forces, led by a Cuban contingent, reach the Angola-Zaire border along the Congo River, they would be in a position to cut Zaire's access to the only river route linking this almost landlocked country to the sea.

It is the consensus of diplomats here that FIMLA troops are in no condition to halt the MPLA advance. It is assumed that Mr. Roberto's forces have been routed and that only a political decision not to put extreme pressure on Zaire would stop the MPLA troops short of the Congo River.

Because it is generally believed here that most of the fighting on behalf of the MPLA is being done by the Soviet-armed and supplied Cuban contingent, estimated at 6,000 to 10,000 men, the assumption is that such a decision would be made essentially in Moscow.

Ford Letter 'Arrogant'
NEW DELHI, Jan. 18 (AP)—Tanzanian President Julius Nyerere said today that a letter President Ford sent to African leaders about the situation in Angola was "arrogant and uncalled for."

Mr. Nyerere said President Ford had written to all African heads of state, saying the United States would press for withdrawal of South African troops from Angola on the condition that troops from Cuba and advisers from the Soviet Union also would be withdrawn.

The Tanzanian President said the condition was "arrogant and uncalled for" and suggested that President Ford's proposal had

Cubans Resume Use of Azores
For Angola Troop Transports

LISBON, Jan. 18 (UPI)—Cubans have resumed flights to Angola by way of the Azores despite objections from the Portuguese government. It was reported here yesterday.

Portugal has officially adopted a position of neutrality toward the warring factions in its former West African colony and has declared that it would not permit its Atlantic islands to be used as a transit point for arms or war materials to Angola.

Nevertheless, sectors of the Portuguese government, led by the foreign minister, Maj. Ernesto Melo Antunes, openly favor the Popular Movement for the Liberation of Angola (MPLA), which is also supported by Cuba and the Soviet Union. It is believed that, for that reason, some authorities here shut their eyes to the Cuban stop-overs in the Azores.

The national radio announced from the Azores Friday night that, after a discontinuation, Cuban aircraft were once again stopping to refuel at the Azores island of Santa Maria. The Cuban planes reportedly landed at night and even ground personnel on the island are not permitted to board them.

Portuguese sources said that Cuban planes, carrying combat troops and arms bound for Luanda, the old colonial capital of Angola where the MPLA has set up a government, used the Santa Maria airport as a stop-over during the period Dec. 20 to 30. Then the Portuguese government applied pressure and this was no longer permitted. The independent weekly Expresso said yesterday that the Cubans resumed their flights Jan. 10.

Karami Quits
As Lebanese
Break Truce

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tions in the midst of a civil war which has already claimed the lives of about 10,000 persons and cost more than a year's gross national product.

But under the Lebanese system the 99-seat chamber elects a new president and, in theory at least, if Mr. Franjeh were forced out, the constitutional machinery is now in a position to elect his successor immediately.

Fighting continued today in the ruined luxury hotel district and clashes were reported in the city of Bealbek in eastern Lebanon as well as in other provincial localities.

Beirut's airport remained closed for the third straight day. Telecommunications were re-established last night for international telephone calls and today for telex service. But tonight a power failure plunged the city into darkness for more than an hour, again cutting Beirut's telecommunications ties with the outside world.

Syrian Role Reported
TEL AVIV, Jan. 18 (Reuters)—The Israeli Army radio station today quoted usually well informed sources as saying that a small number of soldiers of the Syrian Army's Palestine brigades had crossed into Lebanon.

The sources were quoted as saying that the small number involved so far could not yet be described as foreign intervention in the Lebanese fighting. But the Israeli authorities were keeping a close watch on developments, the sources said.

They said it was not yet clear what function the Palestinians, who form part of Syria's regular army, would perform in Lebanon.

Palestinian brigade soldiers are reported to have been stationed in Lebanon at various times in the past, especially during periods of tension in the Palestinian refugees' areas of southern Lebanon, near the border with Israel.

Israeli Cabinet
Approves a Ban
On Press Leaks

JERUSALEM, Jan. 18 (AP)—The Cabinet today approved a law banning press reports of secret diplomatic exchanges between Israel and other states. Newspaper editors immediately accused the Cabinet of imposing "political censorship."

Prime Minister Yitzhak Rabin introduced the law, apparently seeking to plug the leaks in his administration that had led to press publication of several recent messages between Israel and the United States.

The law will take effect if it is approved by the Foreign Affairs and Security Committee of parliament later this month. It was accepted by the Cabinet with only one dissenting voice, that of leftist Health Minister Victor Shemtov, who called the move a form of political censorship. He abstained.

The law carries a 15-year prison term for any person divulging messages marked "top secret" and seven years in prison for the newsmen who publishes the leak.

The possibility of senior officials or newsmen going to jail seems remote, however. In effect, the law empowers Israeli military censors to suppress news of diplomatic exchanges and this country's media rarely defy the censors.

Crete Editor Jailed

CANEA, Crete, Jan. 18 (Reuters)—A court yesterday sentenced Manos Hara, the editor of a local newspaper, to 11 months in prison for criticizing the island's police over the demolition of some houses.

Cost, Paper Work Reduced

Dissidents Say Russia Eased
Emigration Rules Slightly

By Robert C. Ioth

MOSCOW, Jan. 18.—The Soviet Union has formally eased its emigration rules somewhat, Soviet sources have reported. Exit visa fees have been cut 25 per cent, they said, and the documentation required of applicants has been simplified.

Two Jewish activists confirmed Friday that report. Applicants have been charged 100 rubles (\$138) less for their visas and that one applicant was told he no longer had to provide the onerous "character reference" which created difficulties in the past.

The Jews, who are primarily affected by emigration policies here, cautioned that the changes may have little real impact on emigration, however.

They and a Western diplomat suggested the move was "tokenism" to the European Security Conference in Helsinki last August at which 35 nations, including the Soviet Union, pledged cooperation in various areas including humanitarian fields.

Reportedly Printed
Soviet sources said that a number of rule changes were approved by the government late last month. Turned "additions to rules" on emigration, they reportedly have been printed in a gazette of government decisions.

So far, copies of the publication for that period are unavailable, so the precise wording of the new regulations could not be obtained. The Soviet sources said the most significant provisions are:

- A cut in the visa fee from \$533 to \$400.
- Simplification of the documents required of applicants. (The Jewish activists said that an applicant was told last week that he need not provide the "character" document which had to be signed by his employer, his trade union chief and the party leader where he worked. Only a certificate testifying to his work place and signed by his employer was now necessary, the man was told by a colonel in the Moscow visa office.)
- Visa applications will now be granted or denied by local visa authorities.
- Appeals on refusals can be made to higher visa offices and those whose appeals are denied will have their cases reviewed every six months instead of each year.
- The grounds for refusal will be three: if appeal is against "the state interest," if it adversely affects public morals or if it harms the rights of citizens remaining in the country.

Refused Visas
The two Jews who confirmed that some emigration regulations have changed, Alexander Lunts and Anatoly Shecharansky, have long been refused visas to enter the Soviet Union because of their collecting necessary documents easier. Mr. Shecharansky said, "But I think there will still be difficulties." The employer can spread the word that a man has applied to emigrate, thereby triggering harassment, and even force his resignation long before his application is even submitted, he said.

The total cost involved has been \$1,200, including the \$533 visa fee plus \$667 for renouncing Soviet citizenship. Only those who emigrate to countries with no diplomatic relations with Moscow, such as Israel, Spain and South Africa, must renounce their citizenship.

Mr. Lunts said that the changes must be viewed against the events of last year in which more dissidents were jailed and more anti-emigration propaganda put out than in any other year.

Same Number
He contended that the number of persons refused visas remained the same as in 1974 but, since the number of applications has dropped significantly, the percentage of refusals has increased.

Soviet sources said that 11,700 Jews left last year of whom only 8,400 actually went to Israel. This was half the 1974 rate and one third the peak year of 1973. In all, 122,000 Jews have gotten visas since 1945, the Soviet Union said, with the refusal rate less than 2 per cent. Now pending are 1,800 applications, it said.

Jews here acknowledge that

Smallpox Virus
Being Destroyed

GENEVA, Jan. 18 (AP)—Medical laboratories throughout the world are beginning to destroy their stocks of virus of smallpox to prevent accidental revival of the disease which is now virtually eradicated, the World Health Organization said.

It said present plans are for no more than 20 research laboratories to keep variola virus in storage and only part of them will conduct scientific experiments. Thirty governments have already responded to a WHO initiative for an international register of laboratories holding the virus and several already have reported liquidating their stocks, WHO said.

Smallpox still occurs in small villages in Ethiopia where WHO predicts it will disappear completely within six months. The virus has been eradicated in the rest of Africa. The last infection in Asia was reported in Bangladesh Oct. 16 and Latin America has been free of the disease since 1973.

18 West Bank Mayors
Ask Capucci's Release

JERUSALEM, Jan. 18 (AP)—Eighteen mayors of towns on the occupied West Bank yesterday petitioned Israel to release the Moslem cleric, Elias Capucci, from a 12-year prison term for smuggling weapons to Palestinian guerrillas in Israel.

Bethlehem Mayor Elias Fayed said an aide of Israeli President Ephraim Katzor, to whom the petition was sent, had replied that the plea was "under consideration."

Ford Is Urged
To Curb Some
Steel Imports

(Continued from Page 1)
temporary action if industries are being hurt by imports.

The major exporters of quality steel to the United States include Japan, Sweden, Canada, France, Britain and West Germany.

Specialty steel makers and United Steel Workers of America already have begun to put pressure on the White House to prove the quotas as recommended by the International Trade Commission.

In a joint statement, the steel and the industry said, "If the President now takes the proper corrective action in approving a ruling, the decision will represent a major step in the right direction."

Expensive Products
Specialty steels are very expensive, heavily alloyed products that are used in situations requiring exceptional strength, reliability or resistance to rust. They are made in electric furnaces and in much smaller quantities than carbon steel which is used to make cars, mobile appliances and the like.

The quotas recommended yesterday included 75,000 tons of stainless steel and strip, 105,000 tons of stainless rods and 18,400 tons for alloy tool steel. The quotas are based on average imports from 1970 through 1974.

Stainless steels are used heavily in the food, chemical, pollution control and electrical-power industries, the commission said.

Shift by U.S.
On Missiles

(Continued from Page 1)
bombers to hit back at Soviet nuclear force considered inadequate for fighting a nuclear war. A solution had to be found in a minimum vulnerability.

The answer began to focus on making a mobile version of a Minuteman. But then the debate swung against mobile missiles for three reasons: First, the U.S. public would not accept a Congress would not approve missiles roaming around the country. Second, they could be stolen. Third, the Soviet Union had more places to hide them than the United States.

Moscow Reaffirms Intent
MOSCOW, Jan. 18 (UPI)—The Soviet Union said today that it is committed to achieving a half in the arms race. It said Soviet-U.S. détente is a stake.

In the first Soviet comment on the visit, the Communist press newspaper, Pravda, said that the Soviet Union will limit "all other advances in Soviet-U.S. relations may lose meaning."

Russell Tribunal
'Convicts' U.S. of
Latin Repression

ROME, Jan. 18 (UPI)—The Russell Tribunal-3 yesterday "convicted" U.S. Secretary of State Henry Kissinger and the government of the United States of fostering repression in Latin America.

It also "convicted" the governments of 11 Latin American countries and numerous multinational corporations, labor groups and research foundations.

Italian Sen. Lello Basso, president of the tribunal, read out a "verdict" at the end of an eight-day session.

Former Dominican President Juan Bosch and Colombian novelist Gabriel Garcia Marquez were among the jurors, a private group named after the late British philosopher Bertrand Russell. The first tribunal heard accusations of U.S. war crimes in Vietnam.

The tribunal said Argentina, Bolivia, Brazil, Chile, Colombia, Guatemala, Haiti, Nicaragua, Paraguay, the Dominican Republic and Uruguay had repeatedly violated human rights.

Ask Capucci's Release
JERUSALEM, Jan. 18 (AP)—Eighteen mayors of towns on the occupied West Bank yesterday petitioned Israel to release the Moslem cleric, Elias Capucci, from a 12-year prison term for smuggling weapons to Palestinian guerrillas in Israel.

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Nixon Is Said To Lay Taps To Kissinger

Seems to Contradict Claim by Secretary

By Nicholas M. Hornick

LOS ANGELES, Jan. 18 (UPI).—Former President Richard Nixon testified in a closed session at San Clemente, Calif., that he never personally selected the persons to be wiretapped under an FBI operation mounted in 1969 to find the sources of leaks of information, associates of Mr. Nixon said yesterday.

The associates said that in 7 1/2 hours of questioning by Morton Halperin and lawyers for the American Civil Liberties Union, Mr. Nixon staunchly defended his decision to use wiretapping to find the government officials who were allegedly leaking national security information to the press. He reportedly said he had left the selection of the targets to Henry Kissinger, then his assistant for national security affairs.

His testimony, the sources said, appears to contradict a sworn statement by Mr. Kissinger, now secretary of state, made public last week.

Mr. Kissinger said in the statement about the case that he recalled that, at a meeting he had with J. Edgar Hoover, then director of the FBI, and John Mitchell, then attorney general, on April 25, 1969, Mr. Nixon specifically directed electronic surveillance of four persons whose names had been suggested by Mr. Hoover.

No Criticism

Mr. Nixon, the sources said, did not criticize Mr. Kissinger during the interrogation Thursday at San Clemente. He said that Mr. Kissinger had been "in full accord" with the using of wiretaps to find the leaks and had been instructed by Mr. Nixon to select targets for inquiry from members of the National Security Council staff.

Mr. Nixon said that he did not order that a wiretap be placed on the phone of Mr. Halperin or any of the three other persons tapped on May 9, 1969. Moreover, according to these sources, Mr. Nixon said that he believed it was up to Mr. Kissinger to halt any wiretap if it were unproductive.

In the period from May 9, 1969, to Feb. 10, 1971, the FBI placed wiretaps for varying lengths of time on the telephones of 17 persons, including four newsmen, White House aides and a Pentagon official.

Mr. Halperin, who was wiretapped for the longest period, 21 months, has sued Mr. Nixon, Mr. Kissinger and others. His suit is based on the claim that the wiretaps were illegal.

French Weekly Names 2 Soviet Envoys as Spies

PARIS, Jan. 18 (Reuters).—A leftist weekly today identified two Soviet diplomats in Paris as members of intelligence services. It acted in response to the publication of a list of 44 alleged agents of the CIA serving here.

The Nouvel Observateur, in a report on disclosures by the French intelligence service, named Ivan G. Kishinev and Nikolai Terentiev as the two Soviet envoys in Paris who were well known as intelligence agents by the diplomatic community here.

Sen. Church Fears Law

PITTSBURGH, Jan. 18 (UPI).—Sen. Frank Church, D-Idaho, chairman of the Senate Select Committee on Intelligence Activities, said yesterday that he will propose future "criminal sanctions" against former CIA agents who reveal the names of agents now active overseas.

But Sen. Church told a news conference that such a law would have to be carefully drawn "so it could not be used as a shield to conceal unlawful activity or other wrongdoing by the agency."

French Forest Burning

PRIVAS, France, Jan. 18 (UPI).—Firemen today battled a forest fire fanned by strong winds in the Ardeche forest of southeastern France. The fire started yesterday and had spread to a two-mile front by early today. No dwellings were in immediate danger.



SCULPTURE?—No, accident. But the operator of this crane at a subway construction site in Washington was absent when the apparatus collapsed recently.

Because of Election, Clashes With Ford

Relatively Unproductive Congress Seen for 1976

By David E. Rosenbaum

WASHINGTON, Jan. 18 (UPI).—The second session of the 94th Congress begins tomorrow where the first session left off last month, with Congress at odds with President Ford over economic and foreign policy.

If history is a guide, the relations between Congress and the President in this election year are likely to be even more contentious than they were last year, when Mr. Ford vetoed 16 bills and fought with Congress on many more.

Congressional sessions in most recent presidential election years, when Congress and the White House were not controlled by the same party, tended to be filled with partisan rhetoric and were relatively unproductive.

Ford Backers Told to Avoid Early 'Panic'

By Joel Weisman

CHICAGO, Jan. 18 (UPI).—President Ford's campaign chairman, Howard Callaway, has urged Mr. Ford's supporters not to "panic" if the President falters in the early primaries.

While expressing optimism that Mr. Ford would not slip in the early races—except in Florida, "where it's a toss-up" between Mr. Ford and former California Gov. Ronald Reagan—Mr. Callaway asserted that "if there are different results we shouldn't panic."

Mr. Callaway predicted that Mr. Ford's supporters would stand firm even if there were early setbacks in New Hampshire, Vermont, and Massachusetts, which precede Florida's March 9 primary. Current party polls show Mr. Reagan ahead in Florida.

Huge Delegate Numbers

"I think the American people are smart enough to know our strengths will still be coming" after Florida, Mr. Callaway said. He noted Mr. Ford was "strong in Illinois," the fifth primary state, "and is very strong in the other industrial states where there are huge delegate numbers to be won."

Mr. Callaway said it was "the luck of the draw" that Mr. Reagan "has some strength" in the early primary states. But he asserted there are many reasons for Mr. Ford's backers to be confident. The former Army secretary said Mr. Ford's campaign has actually been through what he called "severe fire."

"If ever there has been any more motivation to panic than we've already had, I don't know what it could be," he said. "We've been through the pressures of Gallup polls, the pressures of the press—a negative press that was critical of the campaign—and we've performed coolly, professionally and calmly."

Mr. Callaway made his remarks after he and John Sears, director of Mr. Reagan's campaign, addressed a national meeting of state Republican chairmen here on Friday.

Mr. Callaway urged the chairmen to join local campaigns with that of the President. He said "joint store fronts, joint field workers, joint canvassing and other joint efforts would spell 'joint election victories.'"

High Tide Lifts Soviet Trawler Free Off Alaska

ANCHORAGE, Alaska, Jan. 18 (UPI).—A 278-foot Russian fishing trawler that ran aground in the Gulf of Alaska Dec 31 floated off its rocky bed yesterday during the high tide of the month.

The Samara, which had been in a designated fish-loading zone inside the three-mile territorial line when it ran aground, was at the center of a controversy between the State Department and the Soviet government when it floated off the reef with a tug on a pair of lines from two Soviet vessels.

The State Department had told the Soviet Embassy that it would not allow their vessels to salvage the Samara.

The two other Soviet vessels were allowed to keep taut lines to the Samara for more than a week to prevent it from being blown onto land. Just how hard the ships pulled when the Samara popped off its rocky bed is a question of debate.

It was the case in 1948, 1960 and 1972. The one exception was in 1956, when the Democrats, with a narrow majority, for the most part cooperated with President Eisenhower, especially in foreign affairs.

The consensus at both ends of Pennsylvania Avenue is that no bold new programs will be enacted this year.

Mr. Ford, who will submit his 1977 budget to Congress on Wednesday, will reportedly reassert in his State of the Union message tomorrow night his determination to keep the federal budget below the level it would reach if present programs were continued.

Democrats, despite their large majorities in the House and Senate, proved last year they lacked the strength to pass major initiatives over the President's veto. It will take a supreme effort this year, many Democrats believe, to keep education, health and other social programs from being cut back.

"I don't see a great deal in the way of new legislation," Sen. Mike Mansfield of Montana, the Democratic leader, told an interviewer.

Three Issues

Three issues likely to be dominant in the first months of the new session are tax-law revision, aid to Angola and oversight of intelligence agencies.

Last month, Congress approved and Mr. Ford signed legislation extending tax-withholding rates through the end of June. A new law must be enacted by then if taxes are not to increase within months of the November election.

Mr. Ford reportedly will propose in his State of the Union address a further tax cut of \$10 billion this year, contingent on Congress's limiting federal spending to \$395 billion in the fiscal year that will begin on Oct. 1.

It is extremely doubtful that Congress will agree to such a spending ceiling, which would require substantial reductions in many major government programs. Spending for the next fiscal year is expected to reach \$423 billion if no new programs are enacted and none killed.

Mr. Ford is also expected to recommend an increase in Social Security taxes and additional contributions by the elderly for medical attention under the Medicare program, proposals that face a doubtful future in the election-year Congress.

Congress also is likely to deal with the issue of tax preferences. The House passed a bill last month that would limit certain tax shelters, tighten the so-called "minimum tax" on the wealthy and take other steps favored by tax reformers. The measure is expected to be considered by the Senate Finance Committee early this year.

Moreover, the House Ways and Means Committee is planning hearings on such matters as the tax treatment of corporate income earned abroad, tax incentives for investments and possibly the estate and gift tax laws.

The issue of aid to two factions in the Angola civil war is pending before the House and is expected to be one of the first items on the agenda. Last month, the Senate added an amendment to the defense appropriations bill that would prohibit the use of the bill's funds in Angola. The amendment is strenuously opposed by the Ford administration.

Airport Slowdown

HONG KONG, Jan. 18 (AP).—Air traffic controllers at Hong Kong's Kai Tak Airport, one of the busiest in Asia, began a slowdown today in an effort to win better pay and working conditions.

Bandit Takes To Air After Taking Money

KENNETT, Mo., Jan. 18 (UPI).—A bandit robbed a branch of the Bank of Kennett of \$24,511 last week and made his getaway in an airplane parked across the street.

Authorities said the thief stuffed the money into a bag and ran about 100 yards to a twin-engine Piper Cherokee parked at the end of a runway at the Kennett Airport across the street from the bank.

Authorities said the robber pulled a pistol on the teller of the Bank of Kennett Motor Bank facility of the Bank of Kennett and locked her in a toilet. Then he grabbed the money and ran for the plane, which had been rented in Florida.

U.S. City Survives Doom Prediction

WILMINGTON, N.C., Jan. 18 (AP).—Although yesterday was the day, according to a California psychic, for the Wilmington area to be devastated by an earthquake, the only oddities were a few snow flurries and some minor power cuts caused by a tree falling over lines.

Except for a number of persons who rushed to get earthquake insurance coverage, most residents seemed not to be greatly concerned about the prediction of Clarissa Bernhardt. It was business as usual in the city of 50,000.

She told an audience at Davidson College a week ago that the most severe earthquake in the history of the East Coast would strike in the Wilmington area this year. She said the most likely day was yesterday—plus or minus three days.

OCCIDENTAL OF LIBYA, INC. SETTLES LIBYAN DISPUTE.

OCCIDENTAL OF LIBYA, INC. ANNOUNCES, THAT ITS RECENT DISPUTE WITH THE LIBYAN GOVERNMENT HAS BEEN RESOLVED, AND THE COMPANY'S LIFTINGS OF CRUDE OIL FROM ZUEITINA TERMINAL HAVE BEEN RESUMED. NORMAL RELATIONS WITH THE LIBYAN GOVERNMENT AND THE NATIONAL OIL COMPANY OF LIBYA HAVE BEEN RE-ESTABLISHED. OCCIDENTAL WILL TAKE NO FURTHER ACTION AGAINST PERSONS PURCHASING CRUDE OIL FROM THE LIBYAN GOVERNMENT OR THE NATIONAL OIL COMPANY OF LIBYA WHICH WAS PRODUCED FROM CONCESSIONS 102 AND 103 IN LIBYA.



OCCIDENTAL OF LIBYA, INC.

A SUBSIDIARY OF OCCIDENTAL PETROLEUM CORPORATION

Come to the flavor of Marlboro



Doubts War With Algeria

Morocco Discounts Risks in Sahara

By Jim Hoagland

DAKHLA, Spanish Sahara, Jan. 18 (UPI)—The distant thump of artillery momentarily halted Spanish legionnaires hauling their bags and furniture out of their whitewashed barracks.

Then the bearded soldiers realized again that they were in their final hours here in the northwest corner of Africa. They calmly resumed their move down to the ships sent to bear them away from a new conflict they helped ignite but can now ignore.

The swift end of Spanish military occupation of the Sahara this week has opened a troubled area for the neglected stretch of desert and Atlantic coastline. Spain's surrender of the Sahara to Morocco and Mauritania has turned the area into a slowly simmering battleground for conflicting ideologies, nationalism and local power rivalries.

As the last Spanish soldier left Dakhla last Monday, Moroccan and Mauritanian troops moved into the village of Argoub across the bay in the aftermath of a small battle that typifies the new conflict.

Guerrilla Snipers

Twenty bodies lay in the houses of the village shattered by Moroccan artillery and 30 young men were captured by the joint forces which had come under rifle fire at the village's outskirts. The snipers were members of a guerrilla group based in Algeria, known as the Polisario front.

Polisario, which demands independence for the 70,000 nomadic tribesmen who inhabit this 105,000-square-mile territory, has been unable to disrupt this month's turnover of control, which has gone relatively smoothly.

But the region has been profoundly shaken by the turnover, which Spain reluctantly agreed to after Morocco's King Hassan II unleashed 350,000 armed marchers on the territory in a showdown not only with Spain but also with neighboring Algeria, which backs Saharan independence.

Smarting from the political defeat inflicted on them by a monarch they view as reactionary and obsolete, the radical leaders of Algeria have struck back with a harsh propaganda war and material support for Polisario.

Algerian and Moroccan armies have massed along their common frontier, raising tensions to their highest point since the 1963 desert war between the two Arab neighbors. Refugee camps have sprung up on both sides of the

borders as Algeria has expelled 20,000 Moroccans and an even larger number of tribesmen have fled their villages as rumors of massacres and mistreatment have preceded the Moroccan advance into the territory.

Mines Shut Down

The rich phosphate mines at Bu-Craa that turned the desolate territory into a going economic concern in the last years of Spanish rule have been shut down for an indefinite period. Commerce is beginning to resume in areas under Moroccan control but is still sharply reduced. Over these local problems hangs the shadow of the kind of big-power conflict that has turned Angola into a threat to détente.

The Soviet Union has increased the number of its military advisers in Algeria, which is allowing Russian materiel to be transhipped through Algeria to Angola. Morocco has turned to the United States for new military equipment and increased training.

King Hassan, who has bolstered his frequently shaky hold on the throne with the Sahara victory, is taking the high road of responding to Algerian scimitar-raiding. His officials present Moroccan ownership of the Sahara as a fait accompli that cannot be changed. There seems to be little fear in Morocco of an imminent attack by the better equipped but diplomatically weakened Algerians, who have received little open support in the Arab world on the Sahara issue.

But Moroccan military and political officials concede they will probably have to live for some time with the low-level guerrilla action of the Polisario front.

"We can live with a little rheumatism in the winter," Moroccan Information Minister Ahmed Taieb Benhima said in Rabat. "It is not serious." The guerrillas evidently hope they can slowly bleed the Moroccan Army enough to produce discontent with the King's annexation policy, which is highly popular now. Moreover, they see Mauritania's weak army and its government as the vulnerable link in the new chain of relationships that has been forged by the Sahara take-over.

The Mauritania has moved about half of their 3,000-man army into this port town, which was known as Villa Cisneros under the Spanish and is the Mauritanian headquarters for its zone of the Sahara south of the 24th Parallel.

Polisario has concentrated its attacks in the last month on Mauritanian troops moving up from the south and have largely avoided contact with the 12 Moroccan battalions sent from the north. Polisario has also stepped up raids into Mauritania itself.

This has produced a Moroccan commitment to keep its troops in the southern zone of the Sahara, under nominal Mauritanian control, and Mr. Benhima disclosed that Morocco would send troops into Mauritania if the Mauritania ask for them.

"The Moroccan Army is here to protect the Mauritanian Army," a Moroccan official Dakhla explained with only a slight hint of irony.

The only point in the territory controlled by Polisario is at the abandoned Spanish outpost of Mahbes, 40 miles southwest of the corner where the Algerian, Moroccan and Saharan frontiers meet.

"We will go into Mahbes when we want," Col. Ahmed Dlimi, Moroccan commander of the Sahara operation and King Hassan's most trusted military aide, said in a rare discussion with newsmen here. "But we do not want to do anything now that would upset the situation along the border."

Polisario "is not a military problem for us. Like terrorists anywhere, even Paris or New York, they can plant bombs and carry out little acts, but that is all," Col. Dlimi said.

The departing Spanish commander, Gen. Gomes da Salazar, also estimated that the guerrillas "are not a military threat to the Moroccans. Algeria's aid until now has been very cautious. The desert is very hard and it demands strong aid for a war. Polisario does not even seem to be getting enough food and water."



Torch-carrying policeman helps direct traffic on the outskirts of fog-shrouded Milan.

Heavy Fogs Harming North Italy Economy

MILAN, Jan. 19 (AP)—Industrial and commercial activities in northern Italy, badly crippled by recession, have been facing another tough enemy this winter—fog.

The worst fog in 10 years has hit the industrial regions in the north, disrupting air and road traffic, delaying shipments and increasing the consumption of electricity and the number of road accidents. The estimated damage for extra expenses and

lost profits was several million dollars. So far this winter the hours of thick fog have amounted to 1,063.

The international airport of Linate, in Milan, had no air traffic for nine straight days in December and intermittent closures for an additional 22 hours.

A spokesman said that in the last two months about 1,000 flights were canceled and nearly 4,000 rerouted to other airports.

A 40-per-cent increase over last year.

The financial loss amounted to 80 million lire (\$120,000) for each day with no traffic, the spokesman said.

At the other Milan airport, Malpensa, a TWA jet crashed Dec. 22 during a difficult landing attempt in foggy weather. The plane was badly damaged but nobody was killed.

The pileup of tons of goods in the blocked airports caused big problems for Italian import-export companies.

"Bitter Protest"

"We had to pay penalties to some foreign purchasers for failing to deliver some goods in due time," an official of a Milan import-export firm said. "At the same time we faced bitter protests from Italian outfits for the late delivery of raw materials."

Road transportation required additional expenses to transfer to distant and functioning airports goods and items requiring urgent shipment.

"I drove more to Genoa than to Linate or Malpensa last month," said Giovanni de Mico, a driver of a Milan delivery agency for newspapers and magazines.

Airline companies have faced extra expenses to bus to their original destination passengers stranded at a distant airport. "It is costing us a fortune," said an official of the Alitalia national airline.

Fog-Caused Accidents

Despite police warnings to slow speed on foggy days, an average of 4,000 road accidents, often involving dozens of cars and trucks in gigantic pileups, are caused each year by fog.

The north Italian "fog triangle" includes cities such as Turin, Bologna, Milan, Padua, and Venice, all located in the Po River Valley.

"In these industrial areas fog is worsened by smog," said Giorgio Bocci, an official of the Milan weather bureau.

It is dark at 4 p.m. when fog blankets Milan and the street lights must be switched on earlier. Bronchial diseases increase among old people and children during foggy months.

Gertrud Gabl, 27, Former Austrian Ski Champ, Dies

INNSBRUCK, Jan. 18 (AP)—Gertrud Gabl, 27, the Austrian women's Alpine skiing World Cup winner of 1969, was killed today when an avalanche hit a group of three skiers near the Trofene resort town of St. Anton, the police reported.

Miss Gabl was skiing with her husband and a ski instructor outside the officially secured track area at an altitude of about 3,100 meters on the northern slopes of Mount Gamsberg when the avalanche struck.

A rescue team, assisted by volunteers, dogs and three helicopters, immediately started a search. The skier's husband, Anton Buehler, and the instructor were found alive.

Miss Gabl had a short but brilliant career as a skiing star in the late 1960s and became the first Austrian to win the World Cup. She was several times Austrian women's champion in the special slalom, the giant slalom and also captured several combined titles.

Nina Khachatryan

MOSCOW, Jan. 18 (AP)—Nina Makarova Khachatryan, the wife of Soviet composer Aram Khachatryan, died Thursday, the newspaper Moskovskaya Pravda announced yesterday.

Mrs. Makarova Khachatryan was a composer herself. Neither her age nor the cause of death was given.

Jan August

NEW YORK, Jan. 18 (UPI)—Jan August, 71, a popular pianist whose record, "Midnight," sold more than 8 million copies in the late 1940s, died yesterday, a family spokesman said. He suffered a heart attack Jan. 9.

'Get Out or Get Shot'

Ulster's South Armagh Suffers Under Reign of Double Terror

ARMAGH, Northern Ireland, Jan. 18 (NYT)—It is early quiet in Armagh. The hills are mist and covered with ferns and wildy growing scrub and ivy. The narrow country roads, winding through lonely meadows, are empty, at midday, helicopters whirr overhead.

"Everyone's just stuck at heart around here," said the very Rev. Henry Little, dean of the Cathedral Church of St. Patrick in Armagh. "People have been killed and had their limbs blown off and we have infants without fathers. We're all struck with grief and wish to God it would all end."

Within recent months County Armagh has been engulfed in a cycle of terror that has made the 512-square-mile area the center of British Army buildup, the source of anxiety and tension among officials in London, Dublin and Belfast and symbol of the intransigence and hatreds that simmer in Northern Ireland.

Ten Protestants were murdered in Kingsmill on Jan. 5. The night before, two Roman Catholics were killed in Whitecross and three near the village of Ballydugan. Within the last six months, more than 80 persons have died in the border county—and there are hundreds of deadly vengeance in the villages and farms scattered through Armagh.

Bogus Roadblock

At the Killiney road crossing, on the Dublin road, for example, three Protestants returning from a dog show in Cork were stopped at a bogus security-force roadblock and murdered. In retaliation, Protestant gunmen flagged down a van with Catholic musicians near the border town of Newry and murdered the youths. In further retaliation, a Protestant disc jockey was then slain in Armagh city.

"These hit-for-that murders are tearing the community apart," said a young Catholic priest near the town's hilltop cathedral. "People are terrified. People have told us that they've received telephone calls saying, 'Get out or get shot.' Some families move out each night and sleep with relatives."

Security forces have identified two groups as the killers: the South Armagh Republican Action Force, whose members have been active in the border town of Dungannon, in the Irish Republic, and the Protestant Action Force, the Republican Action Force is allegedly linked to the Provisional wing of the Irish Republican Army.

The Protestant Action Force, based in the Ulster town of Portadown, is tied to the Protestant extremist Ulster Volunteer Force.

"What's happened in the last few weeks is utterly barbaric but

let's not just isolate Armagh. It's not just this county," said Seamus Mallon, representative of the predominantly Catholic Social Democratic and Labor Party. "I hold no brief for the IRA but I get the feeling that, because it's an IRA stronghold down here and because of the sheer brutality of the murders, we're being singled out. But why don't people look at the facts about who's doing what to whom?"

Grim Statistics

He said that the party would shortly issue a detailed breakdown of sectarian murders in Northern Ireland. Since 1968, he said, more than 480 persons have been killed in religious murders. Of these, 180 were Protestants and the rest Catholics. In County Armagh, about 130 persons have been slain in religious murders. Less than 50 were Protestants, he said, and the rest were Catholics.

South Armagh, called "honey country" by the Northern Ireland Secretary, Merlyn Rees, is part of County Armagh, one of Northern Ireland's six counties. South Armagh is an isolated valley populated by 20,000 predominantly Catholic farmers and dairy men, many of whom resent the 1921 partition of Ireland that placed the county in the British-ruled North rather than the independent South. The county's southern part juts deep into the Irish Republic and there are many unmarked crossings along the 60-mile Armagh border that the British Army has virtually abandoned any policing of cross-border traffic.

There are about 1,200 troops in the southern portion of the county and the mood is tense. Nearly 60 soldiers have been killed in the county in the last three years, most of them by ambushes, mines and rockets.

Tricoler Over Town

The Provisionals often patrol roads, issue safe-passage papers for areas of South Armagh and have virtually established civil as well as military rule in the border town of Crossmaglen, where the illegal Irish republicans sometimes flies over the gutted small town and local pubs.

British units in towns around Armagh live under semi-seige conditions: Compounds are ringed by corrugated steel walls topped by concertina wire. It is the IRA soldiers, say, and not security forces who hold the initiative.

What angers British soldiers is the county, however, is the lack of contact with the Irish security forces south of the border, where terrorists have a refuge, and regulations imposed on troops dealing with suspected Protestant Catholic terrorists. The army can fire weapons only in defense of houses and searches and arrests are limited and offensive tactics are virtually out of the question because British officials fear would upset the population.

"There is a difficult balance to strike here," said Lt. Col. Robert Ward, commander of the 1st Regiment of the Queen's Dragoon Guards, a 420-man unit stationed in towns around the city of Armagh. Like most units in the 15,000-man army in Ulster, the regiment serves four months in Northern Ireland and then returns home.

"The first aim is to reassure the local populace of a maximum presence here," he said, standing with a patrol on a narrow road 10 miles from Armagh. "The second aim is to carry out operations against terrorists. One is overt and the other is covert. It's not easy."

Explosives Discovered BELFAST, Jan. 18 (Reuters)—An IRA bombing campaign may have been checked by the discovery of two tons of explosives aboard a tank truck bound for Belfast, security sources said today.

It was the largest amount of explosives ever found in Northern Ireland. "The first aim is to reassure the local populace of a maximum presence here," he said, standing with a patrol on a narrow road 10 miles from Armagh. "The second aim is to carry out operations against terrorists. One is overt and the other is covert. It's not easy."

Group of Experts Mr. Schoonover was one of a group of experts from the World Health Organization, the UN Food and Agriculture Organization and the involved countries who were flying to the sector today to evaluate the situation. They were joining Prof. Jean Bernard, a Belgian rodent specialist, who is trying to determine the varieties of rats.

"To give you an idea of the size of the invasion," said Robert Couillard, an agronomist attached to the Senegal River Development Authority, "400 rats were killed recently during a hunt by children on a 600-square-meter area at Kaedi, Mali."

Rats were reported swimming the Senegal River by the thousands. The river forms the border line between Senegal and Mauritania to the north. Extensive crop development and irrigation projects are under way there through a multinational development authority.

About 150 tons of chemicals and anti-coagulants are on order, but there is some concern that this approach may be dangerous for human and livestock. Rat hordes by entire villages, with bounties as an incentive, are seen as another effective method.

There were no estimates on the size of the crop loss, but preliminary projections on the cost of the extermination program ranged between \$1.3 million and \$3.1 million.

Snowslide Kills 12

NEW DELHI, Jan. 18 (Reuters)—An avalanche killed 12 porters crossing a pass 15,100 feet up in the Himalayas Friday, the Press Trust of India reported today. The news agency said rescuers saved 17 others in the snow slide near the Kashmiri winter resort of Gulmarg.

Bonn Will Stand by Policy, Refuse Saudi Arms Sale

By Murray Seeger

BONN, Jan. 18.—Despite heavy economic temptations, the West German government has reiterated its long-term policy against expanding the sales of weapons.

The Bonn government has been tempted many times to alter its course and join the worldwide competition to sell guns and equipment. For six months, a potential order from Saudi Arabia worth \$600 million has been dangling in front of Chancellor Helmut Schmidt's Cabinet.

But qualified sources said Friday that Bonn has decided once again to hold to its policy against selling military goods in "areas of tension."

Although Saudi Arabia has not been an active combatant in the Middle East, the entire explosive area is covered by the West German embargo.

Decision Expected

The government's decision will probably be given this week to Saudi Foreign Minister Prince Saud bin Faisal, when he visits Bonn to discuss economic issues.

A government economic spokesman, Armin Gruenewald, said earlier in the week that the government saw no reason to change its 1971 policy limiting the export of arms only to fellow members

of NATO and other governments outside areas of confrontation.

The Saudis were specifically interested in buying 800 Marder armored cars, one of the vehicles the West Germans have developed for their own army.

With Bonn rejecting the Saudis' application, defense experts expect the United States, Britain and France to compete for the contract, with the United States being the most likely winner.

Many other bidders from the Middle East, Latin America and Asia have tried to get West German weapons in recent years but they have been generally unsuccessful.

Other Sales

Outside of NATO, Bonn has sold weapons to Australia, New Zealand, Japan, Sweden and Switzerland.

Sales to Greece and Turkey, two NATO countries with their own area of tension, have been limited but not ended by Bonn. When the U.S. Congress halted arms aid to Turkey, the West Germans supplied some of the Turkish needs for replacement parts.

The rejection of the Saudi bid to buy the Marder tanks was a decision by Bonn last year to ignore an effort by Iran to buy Leopard tanks worth \$400 million. The Iranians took their business to Britain and bought 800 Chieftain tanks, partly because the Leopards were too expensive and partly because of the Bonn embargo.

Mr. Schmidt has delayed a reconsideration of the arms embargo apparently in hopes the general economic recovery in West Germany and among its trading partners would remove some of the pressure by military manufacturers anxious to enlarge their markets.

Statement Expected

After several postponements, the Security Committee of the Cabinet is expected to make a new statement on the issue later this month.

"We will probably say that Iran, Brazil and Peru are not areas of tension but that Israel, Egypt and Syria are," an official said.

The government's overriding concern is to increase West Germany's good standing in the world and to avoid reawakening the memories of militarism.

French Beef Up Fleet

PARIS, Jan. 18 (AP)—France will increase its military presence in the Indian Ocean by sending two submarines and a logistics support ship to the area, officials sources reported today. This would increase the number of French ships in the area to 14, including the helicopter-carrier Jeanne d'Arc.



WINTER IN BAVARIA—Workman shovels the results of a recent snowfall away from the steps of the church of the Ettal Monastery located near Munich.

Panama Chief Gains Time for Canal Talks

By Edward Schumacher

PANAMA, Jan. 18 (UPI)—The Panamanian government chief, Gen. Omar Torrijos, has returned from Cuba with a diplomatic triumph that has bought time for both himself and President Ford in the Panama Canal negotiations.

Gen. Torrijos returned on Thursday not only with the expected assortment of cultural and technical exchange agreements, but also with the unexpectedly outspoken support of Cuban Premier Fidel Castro for Gen. Torrijos' policy of patience in the negotiations.

Coming from Mr. Castro, the support has undermined the potentially violent movement of leftist students here for speedier

negotiations and an immediate take-over of the canal by Panama, according to U.S. and Panamanian officials. The students are the only serious opposition to the general's rule at the moment.

Gen. Torrijos thus has bought at least some of the time that he has said is needed in the negotiations because of the forthcoming U.S. presidential elections.

The 70-year-old canal has become an emotional issue in Congress, and neither the Ford administration nor the Torrijos administration want to submit a canal treaty to Congress in an election year.

Primary Issue

Moreover, Ronald Reagan, challenger to President Ford for the Republican nomination, has turned the canal into a presidential primary issue by charging that the negotiations are a sellout of U.S. power and sovereignty rights in the Canal Zone.

News reports from Washington claim that the Ford administration is dragging out the negotiations but U.S. and Panamanian negotiators here insist that the negotiations have not slowed. In contrast with their optimism when negotiations began in June, 1974, on quickly reaching an accord, the negotiators claim that the "cate talks and the actual drafting of the treaty language probably will still be going on after the November election anyway.

The three remaining major issues are: the amount of land, water and military bases to be under U.S. jurisdiction, U.S. defense rights beyond the treaty's expected 25-to-30-year phaseout of the U.S. presence and the rent the United States will pay.

Both countries agree that the 10-mile-wide and 50-mile-long Canal Zone that cuts Panama in half is not sovereign U.S. territory, as the United States has argued for years.

Gen. Torrijos revealed in Cuba

Mr. Sakharov told Western correspondents that he could only remain in the capital for three days under Soviet law.

that Mr. Castro has been advising him through emissaries in recent years to be patient in the negotiations and not resort to force.

Gen. Torrijos opened diplomatic relations with Cuba more than a year ago but had been refusing private invitations from Mr. Castro to visit Cuba for fear of upsetting the canal negotiations.

After wrangling among his advisers, he accepted the current trip before the revelation that Cuban troops are fighting in Angola.

U.S. officials were pleased to note Friday that the final communiqué between the two Caribbean leaders was a pro forma document that did not mention either Angola or Cuban demands for the independence of Puerto Rico, two issues sensitive to the United States.

Gen. Torrijos avoided both subjects throughout his five-day Cuban trip, to the point of holding a separate press conference at the airport and then leaving the country before Mr. Castro held his press conference, in which he freely denounced the United States and supported Cuban intervention in Angola.

Mr. Sakharov said he decided to move from his mother-in-law's apartment in central Moscow to one owned by his wife, Yelena, in a north Moscow suburb.

He said he was registered at the old apartment Wednesday and when he applied for registration at the new apartment, the caretaker refused, saying the other members of the housing cooperative objected to him.

Sakharov Loses Authorization to Live in Moscow

MOSCOW, Jan. 18 (UPI)—Andrei Sakharov, the Nobel Peace Prize laureate, said yesterday that he has lost his registration to live in the Moscow area.

Mr. Sakharov told Western correspondents that he could only remain in the capital for three days under Soviet law.

"This is a serious and unexpected complication of my position," Mr. Sakharov said. He said the problem arose when he decided to move from his mother-in-law's apartment in central Moscow to one owned by his wife, Yelena, in a north Moscow suburb.

He said he was registered at the old apartment Wednesday and when he applied for registration at the new apartment, the caretaker refused, saying the other members of the housing cooperative objected to him.

Sudan Delays Trial of 24

KHARTOUM, Sudan, Jan. 18 (Reuters)—A high military council has postponed until tomorrow the trial of 24 persons accused of involvement in September's abortive coup against President Gaafar Numeri.

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Arafat Detects Signs Of Shift in U.S. Policy

By James M. Markham

BEIRUT, Jan. 18 (NYT)—Yasser Arafat said last week that he detected the beginnings of "a verbal change" in official U.S. attitudes toward the Palestinian issue. But the guerrilla leader indicated that he expected the United States nonetheless to use its veto in the United Nations Security Council debate on the Middle East.

Mr. Arafat, chairman of the Executive Committee of the Palestine Liberation Organization, said that he hoped that the debate would lead to "greater understanding of the Israeli military occupation and greater isolation of Israeli forces and their racist expansionist objectives."

In an interview last week, Mr. Arafat said that the PLO delegation in New York would work "to have a good and strong reaction, but definitely we know there is something called a veto."

"We do not expect that the Security Council will take us to Palestine on a magic carpet or liberate our homeland from the Zionist occupation," the 47-year-old guerrilla leader said. "It is only a step—maybe it will be a big step, or a small step—in our struggle."

Mr. Arafat, who spoke in English after having previously written out his answers to questions submitted to him, accused the CIA of "participating in collaboration with what he termed 'international Zionism and international imperialism.'"

He asserted that the aim of this "conspiracy" was to par-

tion Lebanon into Moslem and Christian states.

"They are planning what has been done in Cyprus," Mr. Arafat said. "We are against it because it is a conspiracy against our Arab nation. We are not willing to have another Israel in our Arab nation."

On the issue of official U.S. attitudes on the Palestinian question, Mr. Arafat said: "There is no real change. All that we can say is that there is the beginning of a verbal, not practical, change in the position of some American personalities who are beginning to see that the Palestinian question is the key to the Middle East crisis."

"The Saunders document is part of this beginning, no more," Mr. Arafat said in response to a question about the Nov. 12 testimony in Congress of Harold Saunders, who was then deputy assistant secretary of state for Near Eastern and South Asian affairs.

"The issue is not whether Palestinian interests should be expressed in a final settlement, but how," Mr. Saunders said.

"The United States is the No. 1 state supporting Zionist aggression and occupation of Arab territories, and gives Israel all kinds of sophisticated armaments and money," Mr. Arafat said.

In a written reply to a question about U.S. public opinion on the Palestinian question, Mr. Arafat asserted that the American people had opposed "the adventures of previous administrations in Vietnam, because it was they who were paying the price in the same way that the ordinary American now pays with his taxes the price of Zionist blackmail."

Roots of Question

"When the American people understand the roots of the Palestinian question," he added, "they will be more friendly to our just cause because justice is on our side—and we are asking for peace and not war and aggression."

Mr. Arafat asserted that the Israeli government was increasing "its intransigence and madness" and was "living in a dream world."

"They still deny the Palestinian

Salvage Delayed At Mine in India

NEW DELHI, Jan. 18 (Reuters).—Plans to send down the first salvage teams into the flooded Chasala coal mine in northeast India, where 375 miners were trapped three weeks ago, were called off today following reports that more water was entering the 1,600-foot shaft.

R.K. Sharma, managing director of the state-owned mine, said that efforts were being made to trace the new source of water. He had said last night that only a few feet of water remained above the first of the two levels where the miners were working, but he said today that the salvage effort would be delayed at least three days because of the new leakage.

Recent newspaper reports from the area have suggested that water pumped from the mine into the nearby Damodar River was seeping back into the shaft.

Two Survivors Of Vanished Ship

LONDON, Jan. 18 (UPI).—A Japanese fishing vessel has picked up two survivors from the giant ore carrier *Berge Esra*, missing in the Pacific since Dec. 28.

The survivors reported three explosions aboard the 227,556-ton ship, according to the Japanese Maritime Safety Agency in a message relayed to Lloyd's maritime "brokers" in London.

"We do not know whether or not the ship has sunk," a Lloyd's spokesman said.

The two survivors were reported to be in good condition when they were picked up 400 miles east of the Philippine Islands. The vessel was on a voyage from Brazil to Japan.

Israel Favorable To Spanish Ties

JERUSALEM, Jan. 18 (UPI).—Foreign Minister Yigal Allon said yesterday that Israel would react favorably to any move by Spain to establish diplomatic relations.

Mr. Allon's statement was made in response to Spanish Foreign Minister Jose Maria Arellano's remarks Friday expressing the hope that Spain would soon normalize relations with Israel.

In a television appearance, Mr. Arellano said that such a move would not change Spain's attitude toward supporting United Nations resolutions on the Middle East, the return of Israeli-occupied territory and the rights of the Palestinian people.

Heavy Winds Disrupt Air Traffic in Greece

ATHENS, Jan. 18 (AP).—Hurricane-force winds gusting through the Athens area and the Aegean disrupted shipping and airline schedules and toppled power lines as up to 18 inches of snow fell in central and northern Greece yesterday.

Police reported scores of mountain villages were isolated by the continuing heavy snowfall. Athens airport was closed for several hours early yesterday as the winds reached 100 miles an hour.

No Clues in Murders of 8 Women in 7 Years

French Killer Blends Easily Into Banal, Gray Background

By John Vinocur



Yasser Arafat

people their right to exist," he said.

"The Palestinian leader said that he detected in Israel 'the beginning of dissatisfaction' with what he described as the Israeli government's 'arrogant, Zionist-fascist mentality.'"

"We are confident that the time will come when the Jewish citizens will demand the creation of a democratic, secular state which we ourselves have been asking for over the past several years," he said.

Public Record

"What we know about the guy is public record," the detective said. "He's a hunter, he's meticulous, he's intelligent. He seems to get his pleasure out of preparing and watching his victims, because the crimes are committed

very quickly. The women are not molested, although their underclothes are removed, and usually the killer takes their purse with him. We figure he may be impotent. But there's nothing unusual or interrelated about the women he's hit except that they are all brunettes. And there's nothing special about him obviously, because a minute after it's over, he blends perfectly, absolutely noiselessly, into this charming setting."

The setting is a four-square-mile area in Nogent (population 15,636), and the neighboring village, Villiers-Saint-Paul (population 3,939) about 30 miles north of Paris, or about a half hour away on the suburban rail line. It is a gray and black place of apartment buildings facing brick row houses. The horizon is smothered by smoke from a chemical plant just beyond the railroad tracks.

The killer knows the communities and their rhythms perfectly and acts at the only real moment of flux—when people are walking in the darkness to catch the train to Paris or returning home at nightfall. Over the seven-year period that the killings have continued, they stop as the days lengthen in the spring and light comes to the commuting hours. The series goes back to January, 1969, when a woman, Mrs. Andrée Lecron, preparing her husband's dinner, was wounded

in the shoulder by a .22-caliber bullet fired through a window. Thirteen days later, the first killing took place. Mrs. Thérèse Adam, a 49-year-old widow, was shot in the head and lacerated with a knife as she got out of her car near her home. The pattern was virtually the same in November of that year when the body of Mrs. Suzanne Merienne was found 200 yards from Mrs. Lecron's house.

3-Year Gap

A three-year gap followed before the next killing. When Maurice Van Hyfte, 23, was discovered with a .22-caliber bullet in her head, the police thought then that they might find a break in the case by investigating the gap. Prison records, army enlistment records, hospital lists, the movements of road-building teams in the area and the personnel records of local employers were studied. Messages went out all over Europe and France looking for similar crimes committed with a .22-caliber weapon. The result, with two detectives working full time, was zero. And the killings continued.

There was one vague description, from the daughter of the second woman killed—that of a well-built young man with callous brown eyes. No fingerprints were available, the killer having wiped off doorknobs of the houses he entered.

At one point the police thought

they found a substantial clue in a bit of a plastic car cover found in an airline bag near a murder scene. The bag was one of hundreds of thousands sold in France but the police decided to run down the purchasers of the car covers in the area. They spoke to 29 people who had covers. One more was unaccounted for from the stock records of a local supermarket—and it had been stolen.

The police have acknowledged some difficulty in determining whether the bullets were fired by a pistol or a rifle, but they tracked down 500 rifles sold in the area and checked the order blanks of what appears to be the manufacturer. Again a dead end.

Same Pattern

After killing a woman a year ago, virtually the same pattern was repeated Dec. 11 when Julia Gonçalves, a 35-year-old Portuguese immigrant, was shot, stabbed and partly undressed. On Jan. 6, as she walked to the station at Villiers, it was the turn of Françoise Jakubowska.

The reaction of residents to the eighth killing was less violent than might have been expected. There was an emergency municipal meeting at which more police were requested and groups of neighbors were formed to walk to the station together, but there were no shrill calls or demonstrations. The reason was that the townspeople know that since the

heavy police presence to investigate the killings over the past years, all other crime, even hubcap thefts, is statistically almost non-existent.

So far 4,800 apartments in the communities have been visited by the police, and 598 reports made on unusual aspects of the visits. There have been 81 search warrants issued and hundreds of letters and telephoned tips run down. The No. 3 man in the national police, Honoré Gevaudan, has taken over the investigation.

"It's a strange feeling riding around in a patrol car here," said a member of the gendarmerie brigade at neighboring Creil. "You can see the curtains being pulled back one by one as you drive by. Nobody is on the streets at night. We saw a guy at 8:45 the other evening and we stopped him because it's such an odd sight now. He said he was going to work, so we drove him to the plant. Everything was in order but that gives you an idea of how we're pushing it."

"The distressing thing with the killer," said the detective, "is that time would seem to be working for him, not us. Outside the ultimate aberration—that he murders people—he seems to be a very sane, ordinary guy, maybe even a good father. The problem is that it's not the needle in the haystack we're looking for, but one piece of straw in a pile of 10 million."

McGovern Notes Vietnam Interest In Ties With U.S.

NEW DELHI, Jan. 18 (AP).—Sen. George McGovern, D-S.D., said yesterday that the leaders of North and South Vietnam want to forget the past and establish normal, friendly relations with the United States.

Sen. McGovern made this assessment after ending a five-day visit to Hanoi and Saigon. He is the first U.S. congressman to go to both Vietnams since the end of the war last year.

"What startled me—what impressed me the most—was their forgiving attitude," Sen. McGovern said in a telephone interview from Bombay, where he stopped briefly after traveling from Hanoi.

"Every person and leader I talked with, both in the North and the South, said they are eager to establish normal relations with the United States," he said.

Sen. McGovern said he also had been assured that the Vietnamese would make every effort to secure all possible information about U.S. soldiers missing in action and that Americans and dependents stranded in Saigon would be allowed to leave soon.

Vietnam Prelate Excommunicated

VATICAN CITY, Jan. 18 (Reuters).—The Vatican has announced that the former archbishop of Hue, South Vietnam, the most Rev. Pierre Martin Ngo Dinh Thuc, has been excommunicated for unlawfully consecrating five priests as bishops in Spain.

Archbishop Ngo Dinh Thuc, 75, brother of the late South Vietnamese dictator Ngo Dinh Diem, is a titular prelate.

Also excommunicated were the priests themselves—three Spaniards, an Irishman and an American—Vatican spokesman Federico Alessandrini said. He said the excommunications were automatic because the "consecration" ceremony was carried out without the permission of the local archbishop.

Terror Suspect Seized in Milan

MILAN, Jan. 18 (AP).—Police stormed an apartment here today and after a shoot-out captured Renato Curcio, alleged leader of a leftist terrorist group called the Red Brigades.

An officer was reported wounded by a hand grenade thrown from inside the apartment. The police said a woman was also arrested in the raid. Mr. Curcio, 35, had escaped from prison in February where he was awaiting trial on charges of armed robbery.

The Red Brigades has been implicated in industrial sabotage, robberies and kidnappings including the abduction of a state prosecutor, Mario Sossi, in 1974.

Soviet Composer Asks For Asylum in Austria

VIENNA, Jan. 18 (Reuters).—Oguz Duryan, 38, an Armenian conductor and composer, is seeking political asylum in Austria, citing Soviet restrictions against travels to conduct concerts abroad.

Mr. Duryan said Friday that he hoped his wife and son, 17, would be allowed to leave the Soviet Armenian capital of Yerevan to join him in the West, where he has been for a year, since being allowed to leave Armenia to visit his ailing mother in Beirut. He said his Soviet Embassy refused to renew his passport prompted his request for asylum.

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Amorphous Civil War

There can be little doubt that Lebanon is now being ravaged by a civil war, and not simply an accumulation of violent incidents. Nor can there be much question that the fundamental issue is the delicate and artificial balance that had previously been maintained, politically, between Christians and Muslims. There are also other elements, including the vital one of economic imbalance which has given the Christians a dominant role in that facet of Lebanese life, as well as the external threat posed by Syrian ambitions, Israeli fears and the aspirations of the Palestinians.

That much is clear, as more and more of Lebanon and its peoples become embroiled in the deadly game that had wasted their country. What is still very obscure are the precise grounds on which a settlement might be reached—or even what would constitute a victory for any of the elements in the struggle.

Possibly the presidency of Lebanon, which should, constitutionally, be decided in September, may serve to give some outlines to Lebanon's polarization, some goal toward which the major contestants might work or

fight. But in Lebanon the president is chosen by the parliament, and there seems little likelihood that the new elections to that body, which should take place this spring, can be held.

It can be argued that Lebanon still has a chance to avert the worst; that it can still work out, because of the very amorphousness of the present clash, some political solution. But that prospect is dimming with each bloodstained hour. More and more ruined Baalbek, rather than lively, prosperous Beirut, seems to typify Lebanon. And what once appeared to offer the world a model of a multi-cultural society now expresses the inability of men of different faiths to live together in equity and mutual understanding. The Lebanese war poses dangers of spreading beyond national borders and setting the whole Middle East ablaze with fires that could touch off even broader conflagrations. It also sets a pattern of tribal conflict that can bring little hope to those other areas, in so many parts of the world, where neighbor strikes at neighbor because of irrelevant differences in color, creed and fanatical group loyalty.

Mission to Moscow

The decision to have Secretary Kissinger visit Moscow next week to seek a breakthrough in the deadlocked Strategic Arms Limitation Talks (SALT-2), despite the fast-deteriorating Angolan situation is soundly based. While strains on any front must inevitably hinder negotiations on other issues, the mutual Soviet-American interest in dampening down the nuclear arms race separates it from all other aspects of their limited adversary relationship.

"We have never considered the limitation of strategic arms as a favor we grant to the Soviet Union, to be turned on and off according to the ebb and flow of our relations," Mr. Kissinger said Wednesday. This was an admission to such administration critics as Ronald Reagan; but the more important question is how far the Ford administration—and the Brezhnev administration in Moscow—were prepared to challenge their military advisers in curbing the buildup of new nuclear weapons. The irony in the SALT-2 deadlock is that it concerns two weapons of secondary importance and yet threatens the vital limitations on the primary weapons of destruction that were agreed in principle at Vladivostok in November, 1974.

The Vladivostok accord would limit the strategic ballistic missiles that could destroy both countries in 40 minutes. The Soviet Backfire bomber and American Cruise missile that have taken center stage in the recent SALT controversy are slow, subsonic delivery systems that, under any realistic agreement, would only add marginally to the overall both sides already possess.

Most important, both Backfire and the Cruise missile are "second-strike" rather than "first-strike" weapons, since they would take hours to arrive on target, giving far too much warning to be used in a pre-

emptive blow. The Vladivostok agreement places ceilings that are much too high on potential first-strike weapons—limiting MIRV missiles and bombers to an additional, 1,080—but the hope is that these ceilings subsequently can be reduced.

A reduction of the MIRV missiles, to 900 or less, with half of them deployed at sea would head off for a very long time the possibility of either side acquiring a credible first-strike capability against the land-based forces of the other. It would also head off the critical danger of "crisis instability," the danger that either side would be tempted to shoot first in a crisis for fear of the theoretical advantage the other might gain if it sought to destroy the bulk of the adversary's land-based forces with a small portion of its own multiple-warhead missiles. The effort to consolidate the Vladivostok agreement and to proceed to such reductions must not be permitted to break down in the dispute over the Backfire bomber and the Cruise missile. There are many ways to limit both these new weapons to a level that would not substantially affect the stability of the nuclear balance. The best way would be to ban them both.

Short of that, limits on numbers and range can be imposed that would head off a major addition to strategic capability. This, undoubtedly, is the route the Brezhnev-Kissinger talks will take, since neither government evidently is prepared to challenge its military completely.

An imperfect agreement, however, will be better than none, if it includes—or even keeps the way open for—the vital reduction in ceilings on first-strike weapons to which both sides are committed in principle by the Vladivostok accords.

THE NEW YORK TIMES.

94th, Second Session

The 94th Congress returns for its second session this week with the legislative outlook heavily overcast by political clouds.

President Ford is not only seeking election in his own right, but because of former Governor Reagan's candidacy, he feels himself under pressure to prove his credentials as a conservative. At the same time, several of the most influential Democrats in the Senate are either active or potential candidates for their party's nomination.

Under these election-year circumstances, it will be more than ordinarily difficult for a Republican President and a Democratic Congress to maintain a reasonable give-and-take spirit, which is essential if major legislation is to be worked out when the two branches of government are under divided control.

Yet critical issues in such areas as energy, the environment and transportation have to be acted on in this Congress. Questions regarding the conduct of foreign policy and of the intelligence agencies cannot be evaded. They are certain to continue to generate tension between the White House and Capitol Hill.

With the pace of recovery from the recession still uncertain, economic issues probably will provide the most heated partisan debate. Too much competitive rhetoric and too many positions adopted for electoral effect are likely as Mr. Ford and the opposition Democrats both try to demonstrate that they can hold down the budget and be socially compassionate as well.

This highly politicized battle of the budget will open when the President submits his figures for the new fiscal year. The next

battle will be fought when Congress tries to override Mr. Ford's veto of the bill appropriating money for the Departments of Labor and of Health, Education and Welfare, for the current fiscal year.

Tax reform remains a highly charged issue. The House's last session passed a milk-and-water version of a tax reform. Given the propensities of the bipartisan majority of the Senate Finance Committee, there is a high risk that even that feeble measure may be converted into a bill creating new or larger loopholes for favored corporations. Given also the wide gulf between the conservative views of the Ford administration and the liberal views of many Democrats in Congress, consensus on a veto-proof tax-reform bill of major scope is unattainable.

Unless and until the White House changes hands and a new president gives the reformers effective leadership, tax reform is going to proceed one small step at a time, if it proceeds at all.

Important as it is for the federal government to economize on all its routine operations, this year's record-breaking peacetime deficit is due in large part to the recession. If the economy could continue a vigorous recovery, that would do more than either President or Congress can immediately accomplish in reducing the deficit. Recovery would mean higher tax revenues and smaller payments for unemployment compensation, food stamps and welfare. The only real way to win the battle of the budget is to achieve the right mix of economic policies.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

January 13, 1901

LONDON.—London was generally inclined to be joyful yesterday at the news of victory from South Africa, which is about the best in weeks, but a wet blanket was soon to extinguish all such feeling. Just about midday it began to be whispered around that Queen Victoria was ill—and seriously so. This, at her great age (81), does indeed give cause for worry.

Fifty Years Ago

January 13, 1926

WILKES BARRE, Pa.—After listening to a militant address by John L. Lewis, president of the United Mine Workers of America, 25,000 striking miners at a mass meeting here today vehemently registered their disapproval of the suggestion of the question of arbitration being put to a vote. They indicated clearly that they were ready to follow Lewis to a fight to the finish to win their strike.



President Ford Crosses the Delaware.

A Campaign Appeal to the Networks

By James Reston

WASHINGTON—After all the post-Vietnam and Watergate talk about the need for reform in presidential politics—even after some useful controls over campaign financing and convention procedures—the preliminary skirmishes in the primary election states still sound like communique from a battlefield.

There is very little in all these grinning faces and simplistic slogans on the nightly news reports from the hustings that can help a puzzled voter identify the central issues of the coming year. We are beginning, vaguely, to recognize "Ronald," "Jimmy," "Mo," and "Scoop," but while they tour the primary election states, exhausting themselves and their meager audiences with 10 or 12 "speeches" a day, the nation as a whole hasn't the vaguest idea of what they are really saying, or what sort of characters they really are.

Why can we not, then, finally in this Bicentennial election year, have at least a fair and honest series of discussions on national television by the candidates and potential candidates on the major questions that will affect the lives of the American people in the coming four or eight years?

Prime Time

We are obviously not going to get national or even regional primaries in 1976, but we do have national television networks, and plenty of prime-time hours, and if "Meet the Press" and "Face the Nation" can get the candidates to play catch-as-catch-can before the football games, presumably they could organize a really thoughtful series of discussions on the major issues of the campaign.

There are some fundamental issues lurking vaguely around the edges of these primary election exhibitions in New Hampshire, Florida, Iowa and other spring-training camps.

Is the increasingly powerful federal government really the enemy of the economic and social well-being of the people? Sometimes it has obviously failed, sometimes succeeded both in domestic and foreign policy, but where and why, and what are the remedies?

In a world of increasingly pow-

erful big labor unions and multinational corporations at home, and centrally organized economies and armies abroad, is it really reasonable to suppose that we will have less rather than more federal control in the next decade?

Or that the states will match the federal government's record of social progress over the last two generations?

These are obviously questions on which serious men and women can divide, and they are being seriously debated by many private individuals and institutions all over America, but not by the candidates in the presidential campaign.

No Answers

They are hunting delegates and headlines. The two major parties are avoiding the debate because they suspect their candidates are divided on the answers or have no answers. But the private citizens and the private institutions of press, radio and television, among others, need not be helpless to do something about this spectacle.

Especially in this preliminary phase of the campaign, when everything seems threatened but

nothing has been settled in either party or among the battalions of candidates, it may still be possible to bring some common public sense to bear on this present incoherent political process.

The candidates, if they are pressed hard enough by the responsible voters and private institutions of the nation, cannot refuse to discuss the pressing questions of the coming years. Most of them are complaining, anyway, that they can't get a national audience and would welcome it.

They could not, if asked, refuse to make their financial and medical records available, to indicate their preference for vice-president—a critical question after Agnew and Beeghly in 1972, especially since the leading candidates in 1976 are now in their sixties—and even to indicate what kind of cabinet they would appoint.

The issue at this early phase of the campaign is not whether the people like what they see—obviously they don't like it at all—but that they don't see very much except the superficial political tactics and tricks of the old politics.

The networks, reaching a national audience, have a special

responsibility here. They have the instrument, and they have the informed and inquiring minds, to bring the main political questions and characters into every village in the land, but this requires a new formula for inquiry and new, more generous allocation of time.

The difficult and complex questions cannot be explored by a number of reporters in a hurry. It takes at least an hour by one or at most two carefully prepared reporters to question the candidates, with the utmost fairness, in order to get at the quality of the minds and characters of these men who hope to lead us into the 1980s.

In a way, everybody now feels trapped in the old techniques of politics, television, newspaper and show business, but there is nothing in the Constitution or even in the rules of the Federal Communications Commission that says we can't change it, and we still have time.

After all, as Irving Kristol said in the Wall Street Journal the other day, there is something to be said for old-fashioned conservative "stupidity," but he added that "there will always come a time" in the life of a nation when "stupidity" is not enough.

Restive Tribes in Europe

By C. L. Sulzberger

PARIS.—It is distressing to return from Africa and find the cultivated old continent of Europe subsiding into its own form of tribalism, just as new African governments make concerted efforts to curb the power of tribes and subordinate them to the greater concept of the nation state.

Most informed persons are aware of the difficulty posed by tribal traditions to Africa's experiment with modern political nationalism. Several wars at least tangentially pertaining to this issue have already been fought: The Katanga insurrection in Zaïre; Nigeria's Biafra conflict; the Sudan civil war; the Chad guerrilla uprising; Eri-

trea's struggle against Ethiopia. On the whole, the young African states have made impressive headway in establishing the priority interests of central government. They tend to regard tribal claims in a way similar to that assumed by medieval European rulers toward over-ambitious feudal fiefdoms.

In the name of modern nationalism and in order to avoid tribalism's splitting tendencies, several African lands have proclaimed European tongues as their official language: English in Zambia, French in Gabon, Portuguese in Mozambique, etc.

Yet contemporaneous with this phenomenon is a trend in Europe to break up into even smaller segments, both geographic and linguistic. Nations already shrinking on the scale of influence by the loss of former empires. One cannot forget that several countries threatened by such tribalism were great powers within relatively recent times.

This is true for Britain, where arguments over "devolution" versus local "nationalism" rage in non-English sections of the United Kingdom including Scotland, Wales and Northern Ireland. It is not merely a matter of reviving relatively little-used languages like Gaelic and Welsh but of actually shifting major authority, including title to mineral wealth, into regional hands.

Political Overtones

Otherwise this is true for Belgium, which once possessed a rich empire, where bitter arguments between French-speaking Walloons and Flemish-speaking Flanders frequently threaten to paralyze governance. Or for Spain, where Catalan and Basque autonomists work to diminish Madrid's central authority. Even for France, where Basques and Bretons add political overtones to cultural and linguistic movements.

Indeed, it is a peculiar phenomenon of contemporary times that so many lands that had formerly been powerful and important seem obsessed with reducing the remnants of their own strength to the moment history, in the form of an anti-colonial era, deprived them of previous international grandeur.

There is no logical reason that a Scotland that was proud to be considered part of the British Empire's heart when the sun never set on it, from Calcutta to Cape Town, is now increasingly eager to disengage from what is left of that grand tradition on an offshore European island. Nor for Bretons, who gave so much energy and genius to a French Navy that linked the metropole to Algeria and Gabon, now to agitate for a version of mini-separation.

The philosophy of tribalism,

either African or European, is understandable, viewed against mankind's record of seeking individuality when this is not inconsistent with security. Yet as anti-tribalism is now expressed by almost all member states of the Organization of African Unity, it is a logical and forward-looking human step.

Such cannot be said for European tribalism, however, despite its romantic background in terms of Celtic poetry, Catalan history or the extraordinarily vital obscurity of the Basques. For European tribalism is gaining vigor at precisely the moment when the movement for European unity is losing vigor.

The concept of "Europe" with its own political machinery, currency and military defenses is little advanced over 15 years ago. And separatist trends within some of its major components scarcely harmonize with the thought of a vital European community.

Most Latent

Of course the contemporary nation where tribalism is most dangerously latent is Russia. The U.S.S.R. contains the seeds of its own potential destruction in the form of Ukrainian, Baltic, Armenian, Georgian, Turkic, Kirghiz, Uzbek and Kazakh nationalism.

If ever permitted to develop unchecked, these would tear apart the great conglomerate ruled from Moscow. But, despite similar movements on a miniature scale among Europe's former imperial powers, there is no sign of dangerous tribalism today in any corner of the Moscow Empire.

The reason for this is simple: The U.S.S.R. remains strong and cemented together by a regime in the Kremlin that is resolutely determined that whatever happens to other empires or other tribal assemblages, no similar disintegrating movement will be tolerated within the disciplined Soviet system.

UN Debate And Israel's Strategy

By Joseph Kraft

UNITED NATIONS, N.Y.—"Play your best pitch today because tomorrow a heavy rain and then you will play in the rain day after day." That old bit of baseball lore characterizes the Israeli approach to the debate on Palestine at the UN Security Council.

While the tactic seems to be working now, the debate here has shown that the day it won't rain is fast approaching. So the Israelis would be well advised to begin formulating a different strategy as soon as they get by the Security Council hurdle next week.

The present debate has centered around the role of the Palestinian Arabs in a settlement of the conflicts between Israel and the Arab states. The debate is expected by Syria and a Syrian contingent which now separates Israeli and Syrian forces along the Golan Heights.

Behind the Syrian move was the interim Sinai agreement negotiated by Henry Kissinger between Israel and Egypt last spring. The Syrians and the Palestine Liberation Organization felt that President Sadat of Egypt had broken Arab ranks to make a separate peace.

Palestine Issue

They sought to push the issue of Palestine at least in part to discredit Mr. Sadat and to isolate Egypt. Their hope was to use the Security Council as a vehicle for resolving the 242 and 338 which fixed the pre-1967 lines as the basis for settlement between Israel and the Arab states but which made no mention of the Palestinians except as refugees.

The Israelis, from the outset, decided to boycott the Security Council session. That decision was based on two calculations. One was that the Arab states would put forward a position blocking down Resolutions 242 and 338. The other was that the Ford administration, in an election year, would feel obliged to yield a resolution which the Israelis did not like.

At the outset of the debate both these assumptions seemed justified. The Syrians advanced a proposal which asserted the right of the Palestinians to take over what is now Israel. The U.S. delegate, Daniel Moynihan, indicated that the United States would veto any resolution which would nullify 242 and 338, and which claimed a Palestinian right as distinct from a Palestinian interest.

But other Arab delegates showed distinct moderation in their speeches. The Egyptians indicated they would settle for a resolution putting the question up to the Geneva conference with a place at the conference open for the PLO. Jordan said that the survival of Israel is not at stake.

Caution Shown

In framing a resolution, moreover, an Arab drafting committee has shown great caution. So far at least, the committee has pulled back from drafts brazenly assaulting Israel's right to exist. It has been tending with a draft that would merely add to existing UN resolutions an endorsement of the "rights" of the Palestinians.

That wording found favor in the debate with several Security Council members allied or friendly to the United States, Britain, France, Japan, Italy, Pakistan and Sweden all endorsed it. So the veto of such a resolution would leave the United States badly isolated.

My guess is that in the end the Arab states will either overshoot the mark again and provoke a U.S. veto or fail to agree on a resolution and go for a postponement. The Israelis are probably home free once again. But they would ignore the lesson of what has been happening here at their peril.

So the Israelis have a strong interest in starting some diplomatic action on another front. If he is wise, Prime Minister Yitzhak Rabin will bring with him a proposal for engaging the Syrians and PLO when he comes to Washington later this month.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address.

DECEMBER 1997

Uromarket

Record Flow of Issues, Changing Terms Have Investors Concerned

By Carl Gewirtz

THE Jan. 18 (NYT)—The market for new issues of corporate securities has reached a record level, but investors are concerned about the changing terms of the issues and the impact on the market.

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Economic Indicators

WEEKLY COMPARISONS

	Latest Week	Prior Week	1974
Commodity index	191.4	190.0	208.0
*Currency in cir.	\$85,211,000	\$85,265,000	\$78,191,000
*Total loans	\$123,499,000	\$124,426,000	\$135,839,000
Steel prod. (tons)	2,182,000	2,005,000	2,483,000
Auto production	168,325	163,537	67,790
Auto prod. prg. (bbls)	8,242,000	8,242,000	8,594,000
*Electric output	402,753	402,753	402,753
*Electric power	41,376,000	35,969,000	36,377,000
Bus failures	233	107	125

Statistics for commercial agricultural loans, carloadings, steel, oil, electric power and business failures are for the preceding week and latest available.

MONTHLY COMPARISONS

	Dec.	Prior Month	1974
A-Employed	85,511,000	85,778,000	85,202,000
A-Unemployed	7,768,000	7,701,000	6,601,000
A-Ind'l Prod.	\$296,400,000	\$297,100,000	\$283,800,000
Cumulative price index	165.6	164.6	164.3
Consumer price index	168	164	164
A-MR's inventories	\$146,712,000	\$146,510,000	\$147,135,000
A-Exports	\$9,409,000	\$9,288,000	\$9,277,000
A-Imports	\$8,299,000	\$8,212,000	\$8,973,000
B-Personal income	\$1,290,100,000	\$1,277,000,000	\$1,245,500,000

*000 omitted. Figures subject to revision by source.

Commodity index based on 1967=100, and employment figures as compiled by the Bureau of Labor Statistics. Industrial production is based on 1967=100. Imports and exports are compiled by the Department of Commerce. Money supply is total currency outside banks and demand deposits as reported by Federal Reserve Board. Business failures are compiled by Dun & Bradstreet, Inc. Construction contract is compiled by the F. W. Dodge Division, McGraw-Hill Information Systems Company.

R-Revised.
A-Seasonally adjusted.
B-Seasonally adjusted annual rate.

appears to be inevitable, particularly for five-year notes. Not surprisingly, this demand has enabled bankers to lower the coupons on the new issues.

But dealers also report that institutional investors are suddenly awakening to the fact that their portfolios are dominated by five to seven-year paper and are now rushing to buy longer-

term securities with high coupons while they still can.

Up to now, virtually all of the money moving into the bond market has come from the shift out of short-term dollar holdings. Except for a brief spell of weakness early this month when interest rates first started to fall dramatically, the dollar

(Continued on Page 11, Col. 3)

The U.S. Economic Scene

The Strengths That Permit Easy Diversion

By Thomas E. Mullaney

NEW YORK, Jan. 18 (NYT)—

As the Super Bowl distracts a large part of the nation's attention to football this weekend, one is struck by the basic strengths of the economy—the assets that permit such easy diversion.

There is also the inclination to reflect on the lyrics of an old song, "What a Difference a Day Makes," and change the time element in it from a day to a year.

Looking back to mid-January of last year, there is a great measure of satisfaction in contemplating the list of contrasts between economic conditions then and now. The nation is currently in the midst of a new upward business cycle that seems destined to carry farther along. Twelve months ago, the economy was declining steadily and deeply.

At that time the domestic economic picture was quite dark and stormy, with production and employment receding and the rate of inflation showing no signs of imminent abatement. The Chrysler Corp. suffered from erosion in its historic rebate plan during its commercial spots on the Super Bowl telecast to move its mountain of unsold cars. Other businesses were also afflicted by inventory headaches. And there were big questions about tax cuts and a new energy policy.

Big Tax Out

In the interim, a big tax cut (\$23 billion) was enacted for last year and recently extended almost in its entirety for this year; a compromise controversial energy bill was adopted; the big inventory-liquidation wave has ended; inflation has turned downward; more than 300,000 jobs have been

created; production and personal income have risen sharply; consumers are spending liberally again, and public confidence is displaying new enthusiasm.

The recession that began in November of 1973 was ended by a final May, and a new business expansion has been under way since then, with no signs of faltering for some time ahead.

In the span of a single year the overall situation has indeed changed vastly but is the nation looking merely at the surface calm and ignoring the still

troublesome currents underneath? Nevertheless, for the second week in a row, the spectacular performance of the more confident stock and bond markets has dominated the attention of the financial and business world and created a more optimistic outlook. Buyer interest was broad—institutions, foreigners and the general public.

After rising more than 50 points in the first full week of the new year in the second heaviest weekly trading in the market's history, the Dow Jones

stock average registered a more moderate increase last week but trading continued at a hectic pace.

The market average, which started last year at 516, is now up to the 580 area and seemingly headed back to the 1,000 level that was last seen early in 1973. A few weeks ago, many economists were expecting the attainment of this milestone sometime during the current year. Now, some of them are changing the timetable to the current quarter.

The bond market has been moving in tandem with the stock market in recent weeks and for the same reasons: easier monetary conditions and lessened inflationary pressures. But last week the bond market showed signs of exhaustion, making analysts wonder if the stock market will soon follow.

Will the stock and bond markets now resume their recent vigor or have they hit their bolt for the present? If the money supply and the economy begin to grow faster, rates may climb again. If they don't, rates will likely continue on their recent downward path, with prices rising.

Impressive Gain

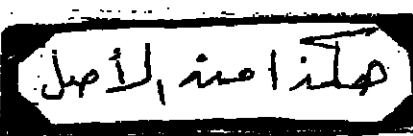
As expected, the economy's rise slowed considerably in the fourth quarter of last year from the abnormally fast pace of the third quarter. But the gain was still impressive, with real growth increasing by more than 6 per cent during the final three months.

There seems to be enough underlying strength in the economy to assure continued expansion for many months ahead. And the history of previous expansion periods for the domestic economy in the

(Continued on Page 11, Col. 2)

Over-Counter Market

Sales in 100s High Low Last Chg	Net
AT&T Corp.	4 1/2 1/2 1/2 + 1/2
IBM Corp.	4 1/2 1/2 1/2 + 1/2
General Electric	4 1/2 1/2 1/2 + 1/2
Westinghouse	4 1/2 1/2 1/2 + 1/2
Rockwell Int'l	4 1/2 1/2 1/2 + 1/2
Boeing Co.	4 1/2 1/2 1/2 + 1/2
Lockheed Corp.	4 1/2 1/2 1/2 + 1/2
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Northrop Corp.	4 1/2 1/2 1/2 + 1/2
Grumman Corp.	4 1/2 1/2 1/2 + 1/2
McDonnell Douglas	4 1/2 1/2 1/2 + 1/2
Boeing Co.	4 1/2 1/2 1/2 + 1/2
Lockheed Corp.	4 1/2 1/2 1/2 + 1/2
Northrop Corp.	4 1/2 1/2 1/2 + 1/2
Grumman Corp.	4 1/2 1/2 1/2 + 1/2
McDonnell Douglas	4 1/2 1/2 1/2 + 1/2
Boeing Co.	4 1/2 1/2 1/2 + 1/2
Lockheed Corp.	4 1/2 1/2 1/2 + 1/2
Northrop Corp.	4 1/2 1/2 1/2 + 1/2
Grumman Corp.	4 1/2 1/2 1/2 + 1/2
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McDonnell Douglas	4 1/2 1/2 1/2 + 1/2
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Boeing Co.	4 1/2 1/2 1/2 + 1/2
Lockheed Corp.	4 1/2 1/2 1/2 + 1/2
Northrop Corp.	4 1/2 1/2 1/2 +



Economic Scene

(Continued from Page 9)

last 120 years shows the average length to have been 33 months. The current one is now only nine months old.

It is true, of course, that the current business upturn is spotty, but that is quite normal. The big thrust is now coming principally from revived consumer spending and auto sales. But housing and business-capital spending promise to increase in the months ahead to help the recovery along.

Although overall construction activity has been lagging, the housing market has been steadily regaining life for several months and should continue to do so. While business spending for new plants and equipment is expected to increase by only 5.5 per cent this year, according to a government survey last week, it is figure may well be out to be considerably higher once businessmen see continued evidence of a stronger economy.

Further strength in their own corporate liquidity and declining interest rates.

Concern and Caution

However, there are enough clouds in the picture to warrant concern and caution. Programs must be found to "use the high level of unemployment—a situation bound to remain serious with so many states and cities cutting back on their spending, reducing services and furloughing employees. The need for more industrial jobs—and the incentives to create them—is obvious.

There is also the danger of resurgent inflation as the economy becomes stronger or Washington adopts needlessly stimulative policies in this presidential election year. There is the further prospect of a long, militant move for large wage increases by labor in a critical year of bargaining in several key industries, covering 4.5 million workers.

The need for greater political and economic stability in the rest of the world is another crucial element in prospects for the U.S. economy.

For the moment, at least, the financial markets seem to be accounting the positive factors in the outlook and discounting the negative ones. They have been fairly reliable as leading indicators, although not infallible. Have they been overreacting with their recent enthusiasm? Only time will tell, of course, but the fundamentals in the economic picture seem to justify a measure of market bullishness at this point.

Record Flow of Issues, Changing Terms Have Investors Concerned

(Continued from Page 1)

has remained remarkably stable on the foreign-exchange market. This would indicate that, as yet, European currencies are not being sold to buy dollar-denominated securities.

With the United States now running a sizeable trade surplus, there is considerable commercial demand for dollars outside the United States. If there were any significant investment demand for dollars, the dollar presumably would be rising sharply.

Differential

The fact that it is not proof that the bond-market boom is strictly a function of the widening differential between short-term and medium to long-term dollar securities.

Unfortunately, it is impossible to estimate how much of the money now flowing into the bond market represents a real shift in investment strategy and how much is the simply opportunistic game played by the banks, which can borrow short-term dollars at from 5 1/2 to 7 per cent (depending on the length of the loan) and invest the funds in bonds yielding almost 10 per cent. The difference is pocketed as net profit—to which must be added the hefty management and underwriting commissions plus selling-group fees for marketing the bonds. The danger, of course, is that when short-term rates start moving up, the bond holders will get dumped onto the market.

But that is a worry for early spring. For now, the word is buy, buy, buy.

This demand is enabling bankers to both lower the coupons on offer and effectively extend the life of the loans.

On the coupon side, Norway, which is a triple-A credit, is offering to pay 5 1/2 per cent on a five-year, \$100-million loan. The last time this market saw such a low coupon was exactly one year ago. Despite the size and low coupon, the issue is much sought after.

At the other end of the scale, Occidental Overseas Ltd. is offering \$30 million of five-year

notes with a coupon of 9 3/4 per cent—a reflection of its triple-B rating. Oxy's 10s of 1981, issued last year and now trading at 102, yield 9 1/2 per cent.

No Purchase Fund

Typical of the way maturities are being stretched, Seagram is offering \$40 million of 9-per-cent, seven-year notes that have no purchase fund. Until very recently, it was common practice in issues of more than five years' duration to promise investors some support in the secondary market either through a sinking fund, or through the operation of a purchase fund that would buy a fixed amount of the issue each year if the market price fell below the offering price per par. In effect, it meant a seven-year loan had an average life of less than seven years—an important selling point when the market fashion was five-year paper. The Ford Motor and General Motors Acceptance Corp. notes on offer in the Canadian dollar market are also noteworthy for the absence of any purchase or sinking fund.

Other loans on offer in the U.S.-dollar sector include:

- Pakhoed Holding of the Netherlands, rated A by Moody's, is seeking \$55 million for six years with a coupon of 9 1/4 per cent. Its paper will be redeemed in two installments, starting in 1981.
- The Industrial & Mining Development Bank of Iran is seeking \$30 million for seven years at 9 1/4 per cent—a quarter-point below what the market had expected a week ago. This will be the first publicly issued paper for Iran. It will be redeemed in five stages, starting in 1979, reducing the average life of the loan to 5.5 years.

East Berlin Drops Party Reference To German Unity

BERLIN, Jan. 18 (Reuters).—East Germany's ruling Socialist Unity (Communist) party has published new draft rules for its members, dropping all references to German unity and underlining the country's place in the Soviet bloc.

The draft statutes, to be presented to a party congress in May, exhort members to strengthen the country and the community of socialist states in the past, the emphasis was on fighting for a united Germany.

The rules were published in the party daily, Neues Deutschland, following publication early last week of drafts for a revised party program and a new five-year economic plan.

The fundamental changes occur in the preamble. A key phrase dropped was that, by building socialism, the party was helping the two German states toward "a happy future in a united Germany of peace, democracy and socialism."

Mo Och Domsjo (Mödo), a Swedish paper company, is offering \$25 million of seven-year notes with a coupon of 9 1/2 per cent. It has a purchase fund to buy up to 1.5 million bonds in the first year if the price falls below par and smaller amounts in the subsequent years—giving it an average life of six years.

Nishio-Kwai, a Japanese trading company, is floating \$30 million of five-year paper with a coupon of 9 1/4 per cent. The notes are guaranteed by Sanwa Bank.

In the convertible sector, Kubota, the Japanese machinery and chemicals company, is selling \$50 million of 15-year bonds that will be convertible immediately, if investors so choose, into its common stock. The issue is registered with the Securities and Exchange Commission for sale in the United States. A coupon of 7 per cent is expected and the conversion premium into the common stock will be between 7 and 10 per cent.

The Kubota issue follows on the heels of the successful convertible for Mitsubishi Heavy Industries, which was increased to \$50 million from \$30 million. The bonds, carrying a coupon of 6 1/2 per cent, offered investors the choice of redeeming each \$1,000 face-valued bond for \$1,130 in 1980—an effective yield on the investment of 9 per cent. For those opting to use the bonds to convert into common stock, the shares can be purchased at 154 yen each—that was a 6.2-per-cent premium over the Tokyo Stock Exchange quote when the final terms were set. By Friday, with the Tokyo price up to 148 yen each, the premium had been cut to 4.1 per cent.

The increase in the amount of the Mitsubishi loan was typical of what happened last week. Every dollar loan priced during the week was increased. British Gas sold \$80 million of five-year notes with a coupon of 9 per cent instead of the \$40 million initially indicated. Priced at par, it was trading at 98 bid, 99 3/4 asked.

Norsk Hydro sold \$50 million of 10-year bonds instead of \$40 million as initially planned. Bear-

ing a coupon of 9 1/2 per cent, they were sold at a premium of \$1,005 for each \$1,000 face-valued bond, for a yield to maturity of 9.42 per cent. They were trading at 100 3/4-101 1/2.

Quebec Issue

Quebec raised the amount of its issue from \$50 million to \$75 million. The seven-year paper carried a 9-per-cent coupon and was sold at par. It was quoted at 99 1/4-100.

New Brunswick Electric Power Commission sold \$40 million of seven-year notes with a coupon of 9 per cent at par.

As previously reported, the European Coal and Steel Community increased its five-year loan to \$65 million and the 10-year bonds to \$60 million. Both had been initially offered at \$50 million each. The notes, bearing a coupon of 8 3/4 per cent, were sold at par and were trading at 99 1/2-100 1/4. The bonds carried a coupon of 9 1/4 per cent and were sold at par. They were quoted at 99 1/4-100.

The demand for this paper was so great, however, that after increasing the principal amount by 25 per cent the managers were able to make an additional private placement of \$50 million for seven years with a coupon of 9 per cent. However, some of this paper was reportedly coming back out for reoffer on the market, weakening the price for the public issues.

The Canadian-dollar sector is also booming, benefiting from top-quality names and a buoyant Canadian dollar, which is now almost at parity with the U.S. unit after trading at a 4-per-cent discount last year.

General Motors Acceptance of Canada is seeking \$20 million, divided equally into six-year notes and 10-year bonds. The notes are to carry a coupon of 9 per cent and the bonds a coupon of 9 1/2 per cent—both down a quarter of a point from the terms indicated when the loan was publicly launched. The paper is guaranteed by GMAC of the United States, rated triple-A by Moody's and double-A by Standard & Poor's. (The U.S. firm is currently in the New

York market raising \$200 million for 24 years and \$100 million for eight years.)

Options Open

Ford Motor Credit of Canada is in the market for \$Can. 50 million for seven years. It was originally being offered with a coupon of 9 1/2 per cent—but that was before GMAC out its proposed terms. Managers will only say that they are keeping all their options open—in terms of amount, coupon and pricing—noting that the initial quarter-point differential over the GMAC notes was more than adequate compensation for the fact that Ford Motor Credit of the United States, guaranteeing the loan, is rated double-A by Moody's and A by S & P. Thus, with the GMAC terms changed, something is going to give in the Ford conditions.

Royal Trust Mortgage Corp. is also in the market, offering \$Can. 15 million of five-year paper with a coupon of 9 1/2 per cent. Credit Foncier Franco-Canadien is also selling \$Can. 20 million of five-year paper with a coupon of 9 3/4 per cent.

Roylpor increased its loan to \$Can. 30 million from \$Can. 25 million. The six-year paper carried a coupon of 9 3/4 per cent and was sold at a premium of 100 1/2, cutting the yield to 9.64 per cent.

In the deutsche-mark sector, Brazil's Vale do Rio Doce sold 70 million DM of 9-per-cent notes that can be held five or eight years at the option of the holder. The issue price was 99 1/4.

On offer is a 100-million-DM, eight-year loan for Norpipe, a Norwegian company owned by the consortium of oil companies operating the Skokfisk oil field. A coupon of 8 1/2 per cent is being offered—a concession to the eight-year maturity. Most recent DM issues have been for five years.

Still on offer is the 50-million-DM, seven-year loan for Singapore Airlines, guaranteed by the Republic of Singapore, and expected to carry a coupon of 8 3/4 per cent.

Banque Paribas is offering 100 million DM of 10-year bonds with a

coupon of 8 per cent. This technically is not a Eurobond as it is managed by a syndicate of domestic West German banks, but it is being offered internationally. The maturity is particularly noteworthy as domestic government issues in West Germany have only been stretched out to seven years so far.

Priced at 99 3/4 last week was the 100-million-DM, six-year loan for Denmark. Carrying a coupon of 8 1/4 per cent, it was priced to yield 8.3 per cent.

Expected to be announced this week is a 100-million French-franc loan for Peugeot. The 10-year loan is expected to carry a coupon of 10 per cent.

The only other bond on offer is a 20-million Unit of Account loan for Enso Gutzeit of Finland. The eight-year loan is to carry a coupon of 9 1/4 per cent.

In the Eurodollar sector, the World Bank sold 100 million guilders of seven-year, 8-per-cent notes at par.

In the syndicated bank-loan market, bankers report very little business. Sao Paulo is trying to arrange a \$300-million, five-year credit offering 1 7/8 points over the London interbank offered rate (Libor) for six-month Eurodollars. South Africa Airways is seeking \$100 million for the same terms.

Smaller loans arranged include \$50 million for the Industrial Credit Bank of Iran for 6 years at 1 1/4 over Libor. However, "substantial" front-end fees raise the return to participating banks to "well over" (depending on the size of the participation) 1 3/8 points.

Mitsui arranged a five-year loan of \$25 million at 1 3/4 over Libor.

International Issues

(7-15 years)

Jan. 14: 8.82%; Jan. 7: 8.94%

Industrials

(5-7 years)

Jan. 14: 7.65%; Jan. 7: 7.82%

Industrials

(7-15 years)

Jan. 14: 8.86%; Jan. 7: 9.00%

Market Turnover

Jan. 18 Jan. 9

Cedel \$345.7 mil. \$294.8 mil.

Euroclear \$500.8 mil. \$279.8 mil.

Stock Quotations

(Closing prices of the week's trading.)

Symbol	Price	Symbol	Price
Amstar	43 1/2	Boeing	43 1/2
Amstar Corp.	43 1/2	Boeing Co.	43 1/2
Amstar Corp.	43 1/2	Boeing Co.	43 1/2
Amstar Corp.	43 1/2	Boeing Co.	43 1/2
Amstar Corp.	43 1/2	Boeing Co.	43 1/2

Y. Stock Exchange

Week Ended Jan. 16, 1976	High	Low	Close
NYSE	1,270,000	1,260,000	1,265,000
AMEX	1,270,000	1,260,000	1,265,000
OTC	1,270,000	1,260,000	1,265,000

Foreign

Week Ended Jan. 16, 1976	High	Low	Close
London	1,270,000	1,260,000	1,265,000
Paris	1,270,000	1,260,000	1,265,000
Frankfurt	1,270,000	1,260,000	1,265,000

American Exchange

Week Ended Jan. 16, 1976	High	Low	Close
NYSE	1,270,000	1,260,000	1,265,000
AMEX	1,270,000	1,260,000	1,265,000
OTC	1,270,000	1,260,000	1,265,000

Treasury

Week Ended Jan. 16, 1976	High	Low	Close
10-year	1,270,000	1,260,000	1,265,000
5-year	1,270,000	1,260,000	1,265,000
1-year	1,270,000	1,260,000	1,265,000

International Bonds

Units of Account	DM	Yen	Swiss
100 DM	1,270,000	1,260,000	1,265,000
100 Yen	1,270,000	1,260,000	1,265,000
100 Swiss	1,270,000	1,260,000	1,265,000

Market

Week Ended Jan. 16, 1976	High	Low	Close
10-year	1,270,000	1,260,000	1,265,000
5-year	1,270,000	1,260,000	1,265,000
1-year	1,270,000	1,260,000	1,265,000

Stocks

Week Ended Jan. 16, 1976	High	Low	Close
NYSE	1,270,000	1,260,000	1,265,000
AMEX	1,270,000	1,260,000	1,265,000
OTC	1,270,000	1,260,000	1,265,000

Currency Rates

Unit	Rate
1 US dollar	1.265
1 British pound	1.265
1 French franc	1.265

Big Grain Sales To Russia Held Unlikely in 1976

WASHINGTON, Jan. 18 (AP).—New large sales of U.S. grain to the Soviet Union this season appear to be remote, at least until delivery bottlenecks affecting wheat and corn already purchased are cleared up, an Agriculture Department official said.

The Soviet Union bought about 10.3 million metric tons of grain last summer before an embargo was ordered by the Ford administration. When it was lifted Oct. 20, officials said that Russia could buy 7 million tons more without further consultation with the United States.

But only about 2 million tons more were bought. So it Russia chooses, it can buy 4 million tons before having to meet the U.S. stipulation for further talks. A metric ton is 2,205 tons.

Assistant Secretary Richard Bell, who oversees Agriculture Department international affairs and commodity programs, said Friday that "we still have a considerable way to go" and Russian grain sales before further talks would be triggered.

During last summer's embargo, a long-term agreement was worked out in which the Soviet Union pledged to buy 6 million to 8 million tons of U.S. wheat and corn annually for five years. If more than 8 million tons is wanted, the Russians would have to consult U.S. officials to get the additional grain.

New Finnish Banknotes

HELSINKI, Jan. 18 (Reuters).—The Bank of Finland has decided to modify some banknotes, introducing anti-counterfeiting features.

Strikers Deny Seizing Watches

NEUCHÂTEL, Switzerland, Jan. 18 (AP).—The 130 employees who have occupied the Neuchâtel plant of Bulova Watch Co. Inc. denied reports today that they have seized the stocks of the U.S.-owned factory.

An employee spokesman said: "We are not going to touch—and this is official—nor will we allow management to touch" the 27,000 watches in the occupied plant.

The employees, most of them women, occupied the factory Friday after management announced that the factory would be closed and production transferred to another Bulova plant, at nearby Gléresse. The spokesman said talks between management and employee representatives were continuing.

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Selling price: 130 000 FF on January 09, 1975
Capital gain: 19 200 FF or 19 per cent within one year.

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CONSOLIDATED STATEMENT OF CONDITION

December 31, 1975

ASSETS	
Cash and Due from Banks	\$ 508,825,491
Securities:	
U.S. Government	422,900,884
Federal Agency	16,608,802
Obligations of States and Political Subdivisions	270,969,040
Other	14,357,663
Trading Account	114,382,595
Loans:	
Federal Funds Sold and Securities Purchased under Agreements To Resell	228,925,000
Other Money Market	468,393,863
Other Loans	1,322,285,290
Reserve for Possible Loan Losses	23,427,972
Direct Lease Financing	22,029,103
Buildings and Equipment	85,242,560
Other Assets	54,412,910
TOTAL	\$2,505,900,139
LIABILITIES	
Deposits:	
Demand	\$ 1,088,916,346
Savings	694,521,862
Other Time	425,625,864
Foreign Offices	584,936,206
Total Deposits	\$ 2,794,000,278
Federal Funds Purchased and Other Borrowings	384,046,596
Accrued Taxes and Other Expenses	58,473,093
Other Liabilities	17,191,177
6.75% Notes Due March 1, 1980	30,000,000
8.30% Note Due February 15, 1984	20,000,000
STOCKHOLDER'S EQUITY	
Capital Stock—\$20 Par Value	\$ 66,000,000
Surplus	74,000,000
Undivided Profits	37,188,995
Reserve for Contingencies	25,000,000
Total Stockholder's Equity	\$ 202,188,995
TOTAL	\$3,505,900,139

The Northern Trust Company
Wholly-owned subsidiary of Nortrust Corporation
Main Offices: 60 South La Salle Street at Monroe
Chicago, Illinois 60690 (312) 680-6000
Banking Corner at the Northern Building: 125 South Wacker
at Adams, Chicago, Illinois 60606 (312) 680-6000
Bond Representative Office: New York
International Offices: London, Hong Kong, Cayman Islands

The Northern Trust International Banking Corporation: New York
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